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SOCIAL POLICY AND  
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Working for the eradication of poverty in NZ



# She'll be Right

A STATE OF THE NATION REPORT FROM THE SALVATION ARMY

**Alan Johnson** | Social Policy Analyst

The Salvation Army Social Policy and Parliamentary Unit | **February 2013**

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YOUR FEEDBACK

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## SHE'LL BE RIGHT

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The 2013 State of the Nation Report identifies a mixture of success and failure in New Zealand's social progress over the past twelve months. While the report identifies significant positive progress in areas of pre-school education and crime and punishment, the performance in the areas of housing, child poverty and youth employment have been less than satisfactory.

'She'll be right' is a somewhat sceptical reference to what appears to The Salvation Army to be a making-do, getting-by sentiment in some vital areas of social policy and human need. While we welcome the adaptability and inventiveness of a No 8 wire approach to many things, a 'she'll be right' approach to social policy as a long-term strategy fails to sufficiently value the people of this country and to change the lives of those falling into poverty. Additionally, it can lead to complacency amongst those New Zealanders who are doing 'okay' in their attitude toward some of the desperate challenges confronting some of their fellow Kiwis.

This report raises some of these challenges, and through reference to social and economic data it identifies how little has been achieved over the past five years in at least three areas of serious social need. The Salvation Army believes it is time to stop a 'she'll be right' approach in the areas of child poverty, youth unemployment and affordable housing and to attack these problems with the same leadership vigour and drive that has recently brought success in other areas of New Zealand's public policy.



Young girls watch the annual Farmers Santa Parade as it makes its way through the Auckland CBD.

New Zealand Herald, 25 November 2012. Photography: Steven McNicholl / New Zealand Herald

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## FOREWORD: IS IT TIME?

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We are often slow to appreciate the importance of significant events in history—especially social and economic events. For instance, while the Great Depression is widely believed to have started on Black Tuesday, 29 October 1929 with the sudden collapse of stock markets, the historical reality is that stock markets recovered somewhat after this collapse and what appeared to entrench the economic decline of the early 1930s was high levels of indebtedness, growing economic pessimism and, in many countries, inept Government policy.<sup>1</sup> Most likely the realisation that the Great Depression was to become an event that scarred a generation dawned on people slowly—at some point everyone appreciated how serious the problem was, but this appreciation took some time to emerge.

Societies often gain wisdom from reviewing in hindsight their histories in economic and social matters. It is therefore unfortunate New Zealanders don't appear to be applying the wisdom of hindsight to the current economic and social challenges we face. Historical circumstances and details will always vary, and this variability can give rise to 'that was then, this is now' claims. Such claims allow us to avoid or excuse learning from history because we are convinced that we are smarter than previous generations—or that economic principles have fundamentally changed.

This is not to suggest that there are exact parallels between the Great Depression and the present global economic stagnation (which has been called the Great Recession). Clearly we have greater understanding of how markets work and of the effectiveness of various policy approaches. It appears, however, that it is not this understanding but geography that has to date saved us from the worst of the effects of the Great Recession. Aotearoa New Zealand is closer to Australia and China than it is to Europe and United States, where the effects of the global economic slowdown are far more pronounced.

The reality is that the New Zealand economy has crawled since the beginnings of the global financial crisis in late 2007: real per capita GDP has declined while total GDP on a production basis has grown by just over 3% in real terms over the past five years. In response, nearly 150,000 New Zealanders have left for Australia since late 2007—more than the population of our fourth largest city. Despite this exodus, almost 300,000 New Zealanders are jobless and official unemployment is at a 10-year high.

Yet the alarm bells are not ringing. The media is enthusiastic about rising house prices, and the Government remains singularly focused on reducing its deficit, while refusing to consider increasing taxes even to pay for the one-off costs of

the Christchurch earthquake rebuild. Child poverty remains resolutely stuck at around 20% of New Zealand children, despite a Ministerial Committee on Poverty being established. Auckland's housing shortage continues to grow and despite attempts to reform the effectiveness of Housing New Zealand, many households in need of decent housing don't currently have those needs met—resulting in too many New Zealanders living in unhealthy, unaffordable and insecure accommodation.

In retrospect we may come to see that this is a pivotal time we are living in—a time when demographic imbalances and the legacy from poor policy decisions can no longer be ignored until after the next election. This could be a time when we begin to discard the prevailing ideas in politics, economics and society that no longer serve us and develop a leadership approach which has a fresh appreciation of our situation, circumstances and options.

While The Salvation Army is not claiming to have all of the fresh new insights and ideas, we are hopeful that the story we tell in this report will help New Zealanders gain a better appreciation of the gravity of our problems.

Perhaps the most demanding of these problems is leadership of the social agenda.

This is not to denounce the current or recent set of political and civic leaders. Rather, it is a reflection that we get the leaders we deserve; in much the same way as the 19th century French political philosopher Alexis de Tocqueville suggested that 'in democracy we get the governments we elect'.

If our political leaders sometimes appear a little self-serving and lacking of any worthwhile vision, perhaps it is because we are self-serving in how we vote and that we disregard those who speak of visions.

A political and ethical perspective that starts with self-interest—with 'what's in it for me'—is bound to create a political culture that, in turn, has leaders who placate self-interest sentiments, even if these leaders are not self-serving themselves. If we measure progress just in self-centred material terms we are unlikely to see value in the political ideas of those who advocate for future generations and a just society.

Perhaps the best example in this report of how more effective leadership and vision can influence things is in the area of crime and punishment. This report notes some encouraging signs: that crime rates, rates of imprisonment and rates of re-offending by prisoners are all beginning to fall. Similarly encouraging is evidence that both politicians and bureaucrats are committing more resource and imagination to addressing the causes of re-offending. Such a trend is a distant call from the political climate around crime and punishment that existed

ten years ago, when the law and order lobby held sway and most political parties engaged in a ‘let’s get tough on crime’ bidding war that led ultimately to the passage of the Sentencing Act in 2002. This Act, together with an excitable media, drove up the prisoner population by a staggering 50% and made the entire criminal justice system more punitive. The result was a budget blow-out, more hardened criminals—and more victims.

If recent trends in crime and punishment are indeed the beginnings of a longer-term shift, then this change has come about through informed and patient, yet quiet, leadership.

Unfortunately, right now we don’t appear to have sufficient leadership—quiet or otherwise—around such issues as child poverty, youth employment and housing. There have been a number of public inquiries and expert analysis in these areas over the past two years. Sadly, these efforts have often been superficially considered by decision makers and their advisors. Consequently, there is a risk the public becomes disillusioned having taken the opportunity to contribute and then finding Government action and commitment to change is minimal.

Whatever the solutions to our challenges around child poverty, youth employment and housing—The Salvation Army considers it’s naïve to believe and dishonest to suggest that these solutions do not require more tax dollars. The source of these extra tax dollars is, of course, a problem particularly considering the global economic situation. In our view the need for a society that is just and gives every citizen the right to participate economically and socially is so important, that ways must be found to find this additional tax revenue.

Our grandparents’ generation was not obsessed with a ‘what’s in it for us’ view of the world—perhaps they were too selfless but they made a commitment politically and materially to a longer term future, a ‘what’s in it for our children and grandchildren’ approach.

We will know that we are living in a truly historic time if our popular political sentiments begin to reflect such a selfless and visionary approach again.

## **MAJOR CAMPBELL ROBERTS**

### **Director**

The Salvation Army Social Policy and Parliamentary Unit

“This could be a time when we begin to discard the prevailing ideas in politics, economics and society which no longer serve us and when we gain a fresh appreciation of our situation, circumstances and options.”

## AT A GLANCE

### A SUMMARY OF CHANGES IN KEY SOCIAL INDICATORS DURING 2012

Focus	Indicator	Most Recent Result	Annual Change
<b>Our Children</b>			
Child poverty	Percentage of children living in benefit-dependent households	20.8%	-0.9%
Children at risk	Number of substantiated of cases of child abuse or neglect	21,125	-2.5%
Children and violence	Number of violent or sexual offences against children	5,517	+10.8%
Early childhood education	Gap in enrolment rates between Māori and non-Māori children	23%	-1%
Educational achievement	Gap between deciles 1-3 and deciles 8-10 schools in Year 11 Level 1 NCEA pass rates	28.4%	+5.3%
Infant mortality	Infant deaths for every 10,000 live births	46.3	-1.4
Teenage pregnancy	Rate of pregnancy amongst 15 to 19 year-olds (pregnancies per 1,000 population)	44.1	-5.9
<b>Crime &amp; Punishment</b>			
Overall crime	All recorded offences as ratio of population (offences per 10,000 population)	8,923	-5.9%
Serious crime	Recorded violent or sexual offences as a proportion of the population (per 10,000)	1,057	-6.8%
Imprisonment	Average number of prisoners for every 100,000 of the adult population	194	-2.1%
Recidivism	Proportion of released prisoners being re-imprisoned within 24 months of their release	37.0%	-2.2%

Focus	Indicator	Most Recent Result	Annual Change
<b>Work &amp; Incomes</b>			
Employment	Number of jobs within the economy	2,194,000	-1.3%
Unemployment	Official unemployment rate	6.9%	+0.5%
Incomes	Average weekly wage/salary	\$1,043	+3.0%
Benefits and pensions	Total number of people receiving a benefit or pension	918,000	+2.1%
Living costs & food poverty	Annual number of food parcels distributed by The Salvation Army	54,594	+1.1%
<b>Social Hazards</b>			
Alcohol	Availability of pure alcohol for consumption (litres per adult)	9.74	-6.2%
Drug-related crime	Number of recorded drug offences	22,052	+5.1%
Gambling	Adult per capita spend on gambling	\$619	+2.0%
<b>Housing</b>			
Housing availability	Additional population for each new dwelling in Auckland	4.3	-1.9
Housing affordability	Average proportion of household income spent on housing (all NZ)	16.0%	-0.4%
Housing debt	Average housing-related debt per household (all NZ)	\$116,500	+0.6%



Southern Tahitahi (left, 11), Kauri Tepana (centre, 11) and Terea Kaitai (9) eat the lunch provided by Te Wharekura O Te Kao Kao Roa o Patetere school in Putaruru.

New Zealand Herald, 25 September 2012. Photography: Christine Cornege / New Zealand Herald

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## OUR CHILDREN

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2012 offered New Zealand's children and youth a mixed bag of outcomes and trends. Child poverty rates and levels of benefit dependency have hardly changed from 2011, and rates of youth offending appear to have not changed much as well. Early childhood education enrolments for children in low income communities appear to have improved, but further down the education pipeline there is some evidence that teenagers in these low-income communities are falling behind in NCEA results.

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### CHILD POVERTY

#### **Child poverty rates remain unchanged**

Little appears to have changed in rates of child poverty over the past year. Although there is no formal child poverty measure, a widely accepted informal measure is derived from Statistics New Zealand's Household Economic Survey and reported most often on an annual basis by the Ministry of Social Development.<sup>2</sup> The most commonly recognised measure of poverty is household income at 60% of the national median (based on a constant value).

A summary of estimates of child poverty rates from this work is provided in [Table 1](#). [Table 1](#) indicates that child poverty rates rose a little between 2007 and 2009, and may have fallen slightly since 2010. This measure based on the 2007 median household income shows that over the four years to 2011, the child poverty rate stayed at around 22% of New Zealand children or approximately 225,000 individuals.

The Household Economic Survey data shows that the incidence of child poverty is by no means even or predictable on a household-by-household basis. While there are strong relationships between child poverty and children living in single-parent households and being dependent on a welfare benefits, there are also children living in two-parent households receiving a market income who are also judged to be living in relative poverty. For example, the 2011 Household Economic Survey suggests that 56% of children living in a single-parent household and 13% of children living in a two-parent household are living in relative poverty. The Survey also reports that 8% of children living in households where both parents are working are seen to be living in relative poverty, as are 65% of children living in so-called 'workless households' where there is no additional income even from part-time work.<sup>3</sup>

The Household Economic Survey is conducted annually, and results and analysis are delayed by at least nine months. This means that child poverty

rates based on the Survey can be over a year old before they are released. As a more immediate estimate of child poverty, we use the benefit data published on a quarterly basis by Ministry of Social Development to estimate the number of children living in benefit-dependent households and the number of these children who live in ‘workless households’. These estimates are tied back to the child dependency figures also published by MSD in The Statistics Report, which is published annually.<sup>4</sup> The estimates for September years are included in Table 2 and offer us a useful proxy indicator of what may be happening with child poverty since the Household Economic Survey of mid-2011.

Table 2 indicates that there has probably been a slight decline of 5–6% in levels of children’s welfare dependency over the year to December 2012. Nevertheless, this recent decline should be seen against a background of an 8–10% increase over the past five years since the beginning of the global recession. Over 21% of New Zealand children continue to live in benefit-dependent households and over 17% of New Zealand children live in ‘workless households’. This figure has changed very little over the past five years, and it is these children who remain

**Table 1: Percentage of children living below selected poverty lines (after housing costs)<sup>5</sup>**

Threshold	Constant Value		Relative To Contemporary Median	
	60% of 1998 median income	60% of 2007 median income	50% of contemporary median income	60% of contemporary median income
2007	16	22	16	22
2009	17	22	18	25
2010	13	22	16	26
2011	14	21	16	25

**Table 2: Estimated number of children living in benefit-dependent households<sup>6</sup>**

As at December	Main benefits paid	Number of children living in benefit-dependent households	Children in beneficiary households as % of all New Zealand children	Number of children estimated to be living in a ‘workless’ household
2007	250,077	206,800	19%	167,300
2008	259,967	209,700	19%	174,300
2009	319,815	230,800	21%	195,500
2010	324,542	234,400	22%	197,500
2011	318,985	234,300	22%	196,600
2012	307,681	223,300	21%	185,100

most at risk of material hardship as a consequence of the employment status of their parents and current welfare policy settings.

## CHILDREN AT RISK

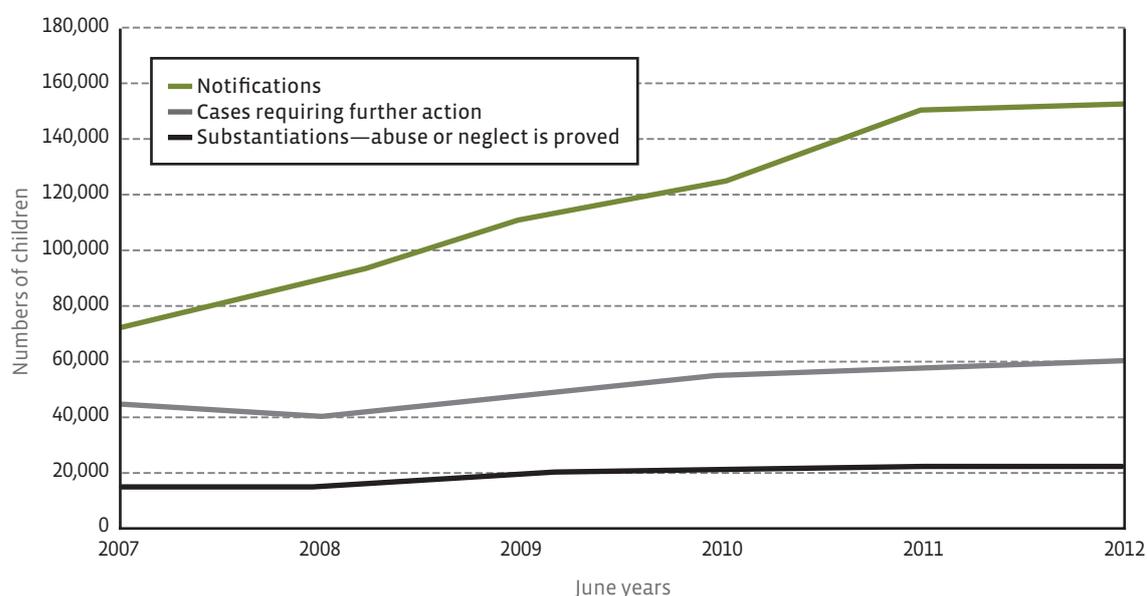
### Child abuse and neglect cases fall for first time in a decade

During 2011/12, notifications of child abuse and neglect substantiated by Child Youth and Family fell for the first time in at least a decade. While the number of notifications of possible neglect/abuse rose by 2000 cases (or by just over 1% to 152,800 cases), the number of substantiated findings fell by 2.5% from 22,087 cases in 2010/11 to 21,525 cases. In 2006/2007, 71,927 notifications of possible child abuse/neglect were reported to Child Youth and Family of which 16,210 were classified as substantiated. These trends are illustrated in [Figure 1](#).

The rapid increase since 2007 both in the number of notifications and substantiations can probably be attributed to the 'It's not OK' anti-violence campaign, and to changed reporting protocols by police attending domestic violence incidents where children have been present.

Of the 21,525 substantiated cases during 2011/12, 56% were cases of emotional abuse, 23% were cases of neglect, 15% were of physical abuse and 6% were cases of sexual abuse. These proportions of the total case load have remained quite stable over the past four years.

**Figure 1: Child, Youth and Family notifications and substantiations 2007–2012<sup>7</sup>**



Government spending on child care and protection services rose by just under 2% in inflation adjusted terms in 2011/12 to \$328 million. This budget has grown by 28% in real terms since 2006/07 in response to the rapid increases in notifications and proven cases of child abuse or neglect.

## CHILDREN AND VIOLENCE

### Further large increase in violence toward children

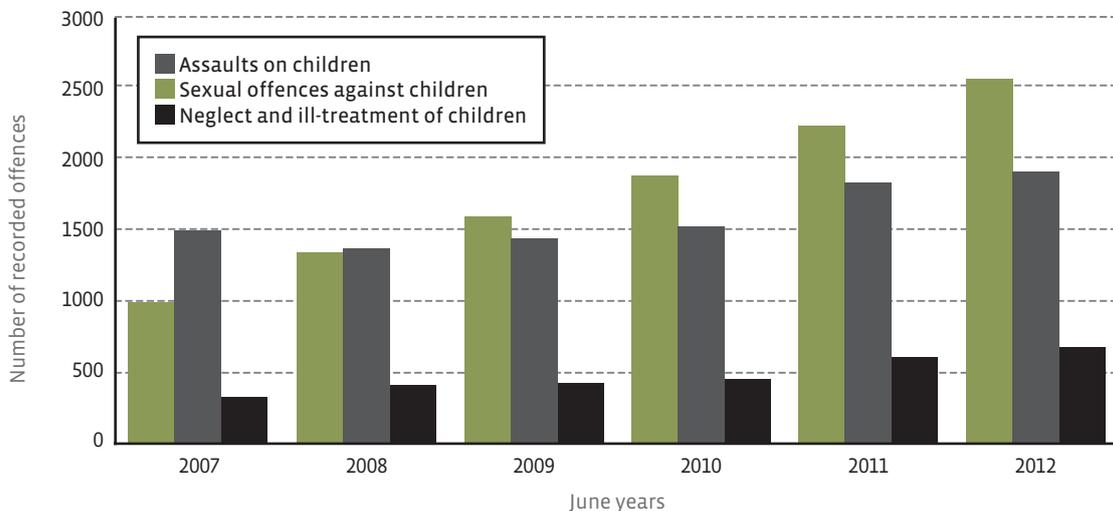
Recorded offences for various forms of violence toward children increased by nearly 11% between 2010/11 and 2011/12, which is on top of a 21% increase the previous year. For the five years to June 2012, violent offences toward children increased by a staggering nearly 84%. Figure 2 reports this trend for three sub-categories of offences: assaults, sexual offences, plus neglect and ill-treatment.

Between 2010/11 and 2011/12, the number of recorded assaults on children increased by 15% to 2570 offences, just over two thirds of which were resolved in some way. Since June 2007, the number of recorded assaults on children has grown by 161% ,while resolutions have declined from 78% to 67%.

Between 2010/11 and 2011/12, recorded cases of neglect and ill-treatment of children rose 13% to 675 cases. In the five years to June 2011, this was a 112% increase. Resolution of these offences fell from 75% to 71% over the five year period.

Sexual offences on children rose 4% to 1912 offences between 2010/11 and 2011/12. Over the five year period between 2006/07 and 2011/12, there was an

Figure 2: Offences against children 2007–2012 <sup>8</sup>



increase of 27%. Resolution of these offences by the Police fell from 66% to 59% over this period.

This sharp rise in recorded sexual offences against children is at odds with Child Youth and Family data which has suggested that substantiated sexual abuse cases have fallen 7% (100 cases) to 1,396 cases during the year to June 2012.

### Modest declines in overall rates of youth offending

The rate of overall offending by young people aged 14 to 16 years showed a modest decline between 2010/11 and 2011/12, although rates of violent offending remained at similar levels.

During the year to 30 June 2012, Police apprehended 25,148 14-to-16 year-olds for offences. Of these, 4,177 were of a violent or sexual nature. The overall number of apprehensions is 10% lower than the previous year and 17% lower than five years previously. Apprehensions for violence-related offences were down 3% for the year to 30 June 2012, and down 7% over the five years previously.

The 14 to 16 year-old age group is shrinking, but even given this, the decline in apprehensions means that recorded rates of offending by 14 to 16 year-olds

**Table 3: Rates of apprehensions by 14 to 16 year-old males 2007–2012**<sup>9</sup>

Apprehensions for offences per 10,000 population

Year ending June	2007	2008	2009	2010	2011	2012	Change 2011–2012
<b>MĀORI MALES AGED 14–16</b>							
Acts intended to cause injury	424	434	432	477	434	397	–9%
Serious assault resulting in injury	102	126	98	105	85	72	–15%
Sexual offences	14	4	15	5	4	1	–62%
Robbery	98	117	108	117	79	94	20%
All violent crime	626	664	641	737	650	666	2%
All crime	4,998	5,405	4,903	5,226	4,981	4,674	–6%
<b>NON-MĀORI MALES AGED 14–16</b>							
Acts intended to cause injury	155	151	142	144	137	127	–7%
Serious assault resulting in injury	35	26	26	21	20	20	4%
Sexual offences	3	2	2	3	4	1	–68%
Robbery	23	26	19	15	17	15	–14%
All violent crime	232	232	220	220	210	210	0%
All crime	1,633	1,587	1,516	1,568	1,435	1,312	–9%

is also declining. The recorded rate of offending fell 11% in five years between 2006/07 and 2011/12, from 3,217 apprehensions to 2,857 apprehensions (per 10,000 population of 14 to 16 year-olds). The rate of apprehensions of 14 to 16 year-olds for violent or sexual offences has been fairly stable over the past five years, varying by 1%. For the year to June 2012, there were 475 apprehensions for such offences per 10,000 population of 14 to 16 year-olds.

Males consistently make up just over three quarters of all apprehensions and around 70% of apprehensions for violent offences. These ratios have not changed significantly over the past decade.

Māori males continue to be over-represented in apprehension figures. For the year to 30 June 2012, overall rate of apprehension of Māori males aged 14 to 16 years was 4,676 per 10,000—nearly 3.6 times the rate for non-Māori the same age (1,312 apprehensions per 10,000). Apprehension rates of young Māori males for violence or sex-related crimes during 2011/12 were 666 per 10,000—three times the rate of that for non-Māori males. This over-representation by young Māori males has also risen consistently over the past five years. Data on apprehension rates for Māori and non-Māori 14 to 16 year-old males is provided in [Table 3](#).

**Table 4: Prosecution rates of 14 to 16 year-old males 2007–2012**<sup>10</sup>  
Percentage of apprehended males prosecuted by Police

Year ending June	2007	2008	2009	2010	2011	2012
<b>MĀORI MALES AGED 14–16</b>						
Robbery	70.8%	72.4%	69.0%	74.2%	70.7%	78.5%
Serious assault resulting in injury	67.4%	63.9%	62.3%	66.2%	65.0%	57.7%
Serious assault not resulting in injury	58.7%	58.2%	53.9%	55.2%	56.8%	61.3%
Common assault	26.3%	28.3%	20.5%	25.2%	26.8%	26.9%
Dishonesty	39.2%	41.1%	39.3%	40.9%	40.6%	45.3%
Total all offences	36.7%	37.1%	34.7%	36.3%	36.1%	39.2%
<b>NON-MĀORI MALES AGED 14–16</b>						
Robbery	67.8%	62.2%	70.8%	72.3%	70.6%	67.9%
Serious assault resulting in injury	58.2%	43.1%	56.2%	52.5%	52.4%	48.3%
Serious assault not resulting in injury	45.5%	54.5%	55.3%	47.2%	55.7%	41.7%
Common assault	20.8%	17.6%	17.6%	14.5%	19.7%	20.4%
Dishonesty	27.7%	31.9%	31.1%	30.4%	31.5%	32.1%
Total all offences	25.7%	27.0%	26.9%	25.9%	26.5%	27.0%

### **Excessive criminalization of Māori youth worsens**

In the 2012 State of the Nation report we highlighted the fact that not only were Māori youth aged 14 to 16 years three times more likely than non-Māori youth to be apprehended for a criminal offence, but they were also more likely to be prosecuted by the Police for their offending. Regrettably, not only has this trend continued during 2011/12 but it may be getting worse, as shown by data in [Table 4](#).

As shown in [Table 4](#), 39% of Māori youth aged 14 to 16 were prosecuted for their offending during 2011/12, compared to 27% of non-Māori the same age. Over the past five years the average prosecution rate of young Māori male offenders aged 14 to 16 years has been 36.7%, while for non-Māori male offenders of the same age group it was 26.5%.

There may be a justifiable reason for this, such as repeat or multiple offending by a small number of young Māori offenders, but no explanation has been offered to date. There has been little public debate over the issue, even by Māori political leaders.

## **EARLY CHILDHOOD EDUCATION**

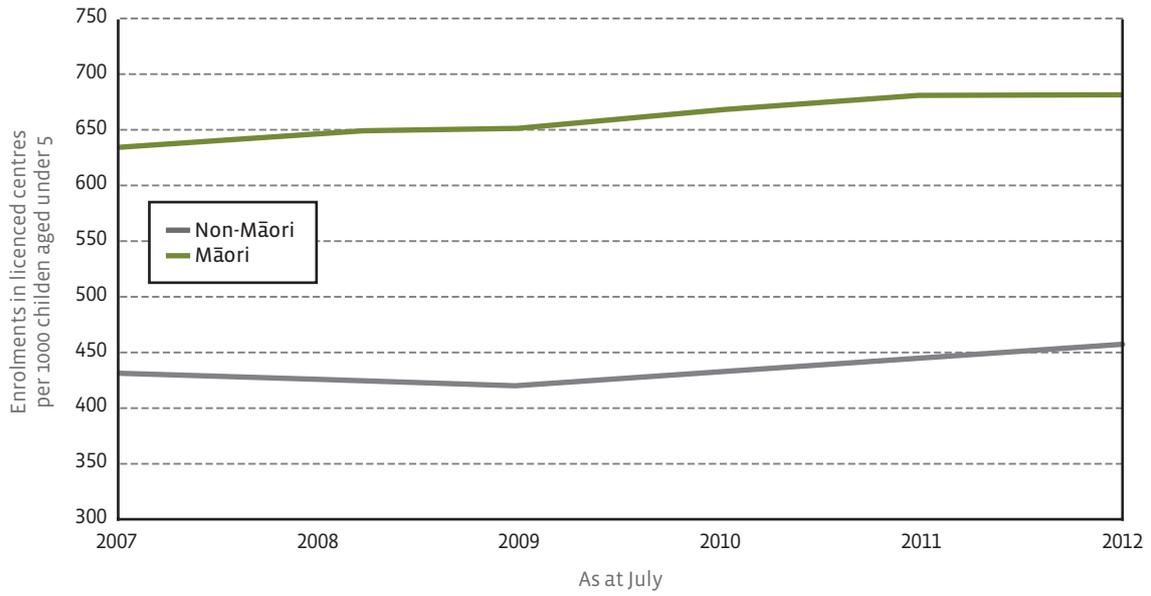
### **Māori enrolment rates continue to improve**

Enrolments of Māori children in early childhood education (ECE) have continued to improve during 2012. This is on the back of concerted Government efforts to ensure that ECE centres are available in many low income communities, such as South Auckland, where large numbers of Māori and Pacific Island children live.

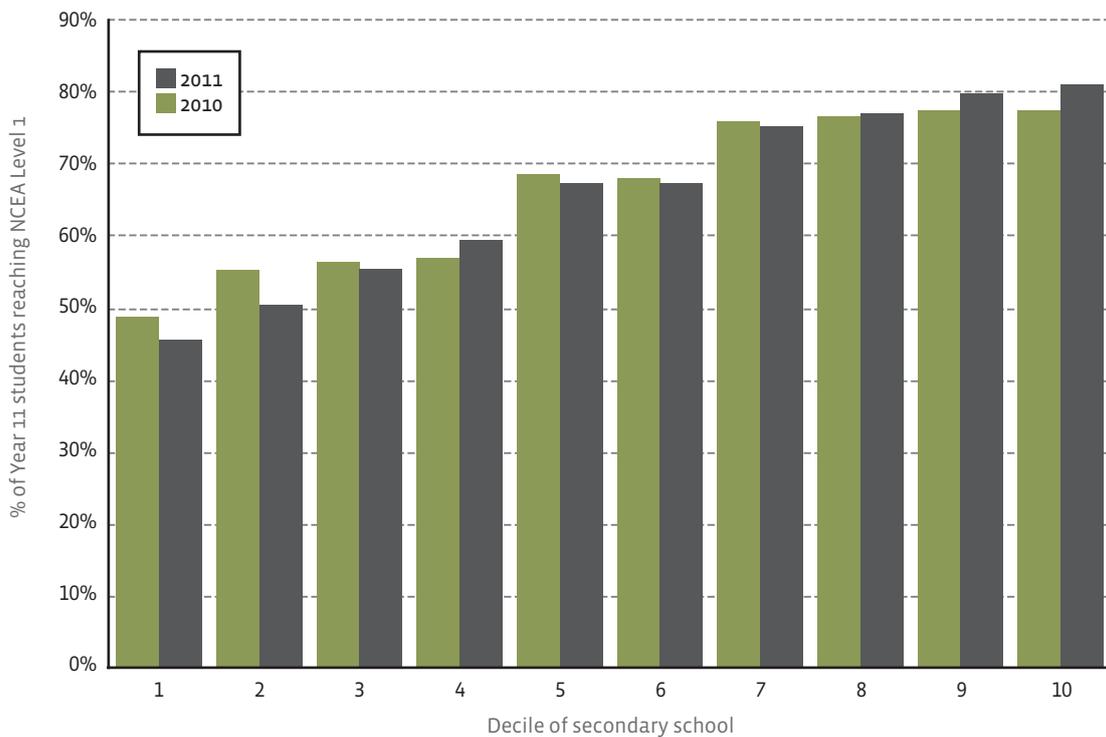
In July 2012 there were almost 42,000 Māori children enrolled in licensed ECE centres, an increase of 2.5% over the previous year, and an increase of 26% over five years previously. The Māori enrolment rate for all under-five year olds consequently rose from 43.1% in 2007 to 44.5% in 2011 and to 45.5% in 2012.

Between 2011 and 2012 total enrolments in ECE grew by just over 1% to around 196,500 children. However, the early childhood enrolment rate remained fairly static at around 62%, of all children aged under five years, in July 2012 compared with 61% in 2011 58% in 2007. This tapering off in the growth of overall enrolments appears to be, in part, because the enrolment rate within the priority age group of three and four year-olds has almost reached saturation point. In 2012, this enrolment rate was 97%, although there appears to have been some enrolment of children in two or more centres at any one time.<sup>11</sup> A further contributing factor may be the slowdown in the birth rate following the 'baby beep' in 2007–2008, although this slowdown has to date not been significant or sustained.<sup>12</sup> There were, however, an estimated 2,500 fewer preschoolers in

**Figure 3: Rates of enrolment in early childhood education 2007–2012<sup>15</sup>**



**Figure 4: Rates of students NCEA Level 1 achievement across secondary schools<sup>16</sup>**



the population in 2012 than in 2011. The recent declines in birth figures may impact on the viability of some ECE centres over the next two or three years in communities already well served with ECE services.

Enrolment rates for Māori children in the priority three and four year age group rose from 68% in 2011 to 70% in 2012. This increase almost recovers the ground lost since 2007 when this rate fell from 72% in 2006 to 68% in 2011. The 2006–2011 enrolment rate decline for Māori children occurred at the same time as the enrolment rate of non-Māori children increased, and is probably due to the sudden increase in the numbers of Māori children being born from 2006 onwards and the absence of ECE centres in the towns and suburbs where Māori children live.<sup>13</sup>

Government spending on ECE grew nearly 3% (in inflation-adjusted terms) between 2010/11 and 2011/12 to \$1.312 billion, and budgeted spending for 2012/13 is expected to grow by a further 5% to \$1.379 billion. In addition to these operating budgets a very modest allowance of \$27 million was made in 2011/12 to assist with building new ECE centres in low income communities—the budget for this programme in 2012/13 is \$18 million.<sup>14</sup>

## EDUCATIONAL ACHIEVEMENT

### NCEA achievement gaps begin to widen

The gap between NCEA achievement rates of students from low and high decile secondary schools widened between 2010 and 2011, reversing a five year trend of gradually improving pass rates by students from low decile schools. These changes are shown in Figure 4 and in Tables 5A and 5B.

Figure 4 indicates the changes between 2010 and 2011 in the pass rates of Year 11 students in NCEA level 1 courses and exams. While pass rates between 2010 and 2011 varied up and down for most school decile groups, the poorest three deciles

**Table 5A: NCEA Level 1 Year 11 achievement gaps 2007–2011**

	Pass Rates		
	2007	2010	2011
Decile 1 secondary schools	43.6%	48.8%	45.5%
Decile 10 secondary schools	78.1%	77.5%	80.8%
Achievement gap between Decile 1 and Decile 10	34.4%	28.7%	35.4%
Decile 1, 2 and 3 secondary schools	47.6%	54.0%	50.8%
Decile 8, 9 and 10 secondary schools	75.6%	77.4%	79.2%
Achievement gap between decile 1, 2 and 3, and decile 8, 9 and 10 schools	27.9%	23.1%	28.4%

saw a consistent decline in pass rates: from a combined rate of 54.0% in 2010 to 50.8% in 2011. The combined pass rate for these deciles was 47.6% in 2007, so the 2011 result is still better than these earlier results.

As shown in Table 5A, the achievement gap between students attending a school in the poorest three decile communities and students going to schools in the wealthiest three deciles increased from 23.1% in 2010 to 28.4% in 2011. In 2005 this gap was over 34%.

Consistently, the achievement gap has been higher for Year 13 students sitting NCEA level 3 courses and exams, and this is shown in Table 5B. Between 2010 and 2011, the achievement gap between the poorest three deciles and wealthiest three deciles grew by 1% to 31.6%, although in 2011 this gap was still much smaller than the 35.7% in 2007. This wider gap came about despite a fall in the achievement rates in the higher decile schools from 67.1% in 2010 to 65.4% in 2011 as rates in lower decile schools fell further from 36.5% to 33.8%.

**Table 5B: NCEA Level 3 Year 13 achievement gaps 2007–2011**

	Pass Rates		
	2007	2010	2011
Decile 1 secondary schools	27.5%	37.3%	37.9%
Decile 10 secondary schools	68.3%	69.3%	67.8%
Achievement gap between Decile 1 and Decile 10	40.8%	32.0%	29.8%
Decile 1, 2 and 3 secondary schools	26.8%	36.5%	33.8%
Decile 8, 9 and 10 secondary schools	62.5%	67.1%	65.4%
Achievement gap between decile 1, 2 and 3, and decile 8, 9 and 10 schools	35.7%	30.6%	31.6%

**Table 6: Changes in New Zealand’s infant mortality rate 2008–2012**<sup>18</sup>

Year ending September	Live births during preceding 12 months	Total infant deaths (under one year)	Infant mortality rate (per 1000 live births)
2008	64,540	340	5.3
2009	63,159	287	4.5
2010	63,732	330	5.2
2011	62,261	297	4.8
2012	60,462	280	4.6

## INFANT MORTALITY

### Infant mortality rate falls to second lowest level

During the 12 months to 30 September 2012, there were 280 infant deaths. This is the lowest number of infant deaths on record, although this record is on the back of declining birth rates as well. Over the period there were 4.6 infant deaths for every 1000 live births which is a small improvement on the rate of 4.8 in 2011. This trend is shown in [Table 6](#).

As in the past, Māori infant mortality rates are higher than those for non-Māori although the gap has narrowed a little. For the year to 30 September 2012, one hundred Māori infants died from the 17,354 Māori babies born—a mortality rate of 5.8 per 1,000 live births. The Māori infant mortality rate was 1.4 times that of non-Māori which is a slight improvement on the 1.6 times difference in 2011, but similar to gaps arising in 2007 and 2003.

For comparison, the Australian infant mortality rate in 2011 was 3.8 infant deaths for 1000 live births and 7.2 deaths for 1000 live births for Aboriginal and Torres Strait Islander infants.<sup>17</sup>

## TEENAGE PREGNANCY

### Dramatic fall in teenage pregnancies and abortions

Teenage pregnancies are not necessarily a problem for the young women and families concerned, although there is clear evidence from New Zealand experience and elsewhere that the children born to teenage mothers tend to have materially poorer lives.<sup>19</sup> Such an outcome is, of course, socially determined rather than some pre-ordained state of nature, and it is partly a failure of public policy which allows this material poverty to persist.

**Table 7A: Pregnancies and abortions for 11–14 year-olds 2007–2011**<sup>20</sup>

Year ending December	Number of live births	Number of induced abortions	Pregnancy rate (per 1000)	% of pregnancies aborted
2007	52	104	1.3	67%
2008	39	83	1.0	68%
2009	29	79	0.9	73%
2010	26	84	1.0	76%
2011	25	68	0.8	73%

**Table 7B: Pregnancies and abortions for 15–17 year-olds 2007–2011**

<b>Year ending December</b>	<b>Number of live births</b>	<b>Number of induced abortions</b>	<b>Pregnancy rate (per 1000)</b>	<b>% of pregnancies aborted</b>
2007	4,903	4,173	58	46%
2008	5,185	4,097	59	44%
2009	4,641	3,873	54	45%
2010	4,526	3,389	50	43%
2011	3,981	2,822	44	41%

This situation notwithstanding, there remains some justification for seeing fewer young women becoming mothers as young teenagers as a good thing, for the reason that this allows them time to complete their education and perhaps to gain a better appreciation of the choices they can make about their futures.

Pregnancies amongst women aged 15 to 19 years old fell 14% between 2010 and 2011, from 7,915 to 6,803 pregnancies. Of these 2011 pregnancies, 41% or 2,882 were aborted. The number of abortions performed on 15 to 19 year-olds fell nearly 17% between 2010 and 2011, while the number of live births fell by 12%.

Amongst young teenagers aged less than 15 years old, the pregnancy rate fell from just under 1.0 per 1,000 women aged 12 to 14 years to 0.8. There were 93 pregnancies to women in this age group during 2011 compared with 110 the previous year and 156 in 2007. Nearly 75% of these pregnancies were terminated with an induced abortion.

Data on teenage pregnancies is provided in [Tables 7A and 7B](#).

## ASSESSMENT: OUR CHILDREN

CHILD POVERTY	RESULT
Another year of minimal change in levels of child poverty was matched by little tangible progress being made by the Ministerial Committee on Poverty. <sup>21</sup>	<b>D</b>
CHILDREN AT RISK	
The small decline in number of substantiated cases of child abuse and neglect is encouraging, although there is no way of knowing from the data whether this is due to changing practice by Government agencies or to a change in adult behaviours. The anomaly between Child, Youth & Family and crime data is difficult to explain. Sustained increases in budgets in this area of need are encouraging.	<b>C+</b>
CHILDREN AND VIOLENCE	
The year-on-year increases in recorded violent offences against children should be of concern to all New Zealanders. While this trend may represent a diminishing tolerance to such violence and an increased willingness to report it, at some point there needs to be some evidence that things are improving. This evidence is not available at this stage. There has been little change in rates of youth committing violent crimes. The excessive criminalisation of Māori youth offenders continues.	<b>D</b>
EARLY CHILDHOOD EDUCATION	
The rising enrolment rates for Māori children are welcome news and this is probably a testament to recent Government efforts to improve ECE availability in low income communities. How adequate the very modest capital budgets are to continue this progress is in doubt, especially given the size of the remaining gap between Māori and non-Māori access and enrolments.	<b>B</b>
EDUCATIONAL ACHIEVEMENT	
The widening achievement gap between students in poor and wealthy communities is hugely disappointing and may be difficult to turn around quickly. The progress of the past five years risks being lost, and this is inexcusable given the importance of this indicator for individuals' life chances and the performance of the economy.	<b>D</b>
INFANT MORTALITY	
Continuing small improvements in New Zealand's infant mortality rate provide some evidence that social conditions for very young children and their mothers are at least being maintained. The small relative improvements in Māori infant mortality are encouraging.	<b>B</b>
TEENAGE PREGNANCY	
Whether it is the result of policy or changing attitudes and behaviours, the fall in rates of teenage pregnancies is welcome news. This shift preceded the Government Youth Focus reforms to welfare provision so the impact of these changes is still to be seen.	<b>A</b>

**KEY**    **A:** Excellent progress    **B:** Encouraging progress    **C:** Limited or modest progress  
**D:** No progress or going backwards    **F:** Failing



Alex MacKay, an 18-year-old who has turned his life around from being a gang member who ended up in jail to receiving an excellence award for misguided youth.

New Zealand Herald, 4 November 2012. Photography: Dean Purcell / New Zealand Herald

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## CRIME & PUNISHMENT

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There has been tangible progress around crime rates and the way we run prisons, although these positive trends are just emerging and may not yet bed down as the ‘new normal’ around crime and punishment. Some of this improvement may be due to more creative leadership and better policies and practices.

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### OVERALL CRIME

#### Historical declines in rates of recorded crime

Rates of recorded crime have fallen to historically low levels, continuing a declining trend from 2010/11. The extent of this improvement appears quite exceptional, with numbers of recorded offences the lowest since 1989 and the rate of recorded crime the lowest since 1979. While there remain reasons for caution over reading too much into these results, there are also reasons to believe that we may be witnessing a shift in offending levels and patterns.

For the year to June 2012, the total number of recorded offences was 394,522 —a decline of 5.2% from the previous year, and a decline of 7.5% over the number of reported offences in 2006/07.<sup>22</sup>

Given population growth over the past five years, rates of recorded crime have fallen even further than the numbers of reported offences. [Figure 5](#) illustrates this trend. For the 12 months to 30 June 2012, there were 8,923 recorded offences for every 100,000 New Zealanders. This figure is 5.9% lower than the rate reported for 2010/11 (9,482 offences per 100,000 people) and 12% lower than five years previously (10,135 recorded offences per 100,000 people).

#### Small improvement in resolution rates

Resolution rates for various categories of recorded offences are reported in [Table 8](#). The overall resolution rate improved marginally recently, from 47.3% in 2010/11 to 47.6% in 2011/12. The most recently reported resolution rate is nearly 3% higher than that reported five years ago (44.7% in 2006/07).

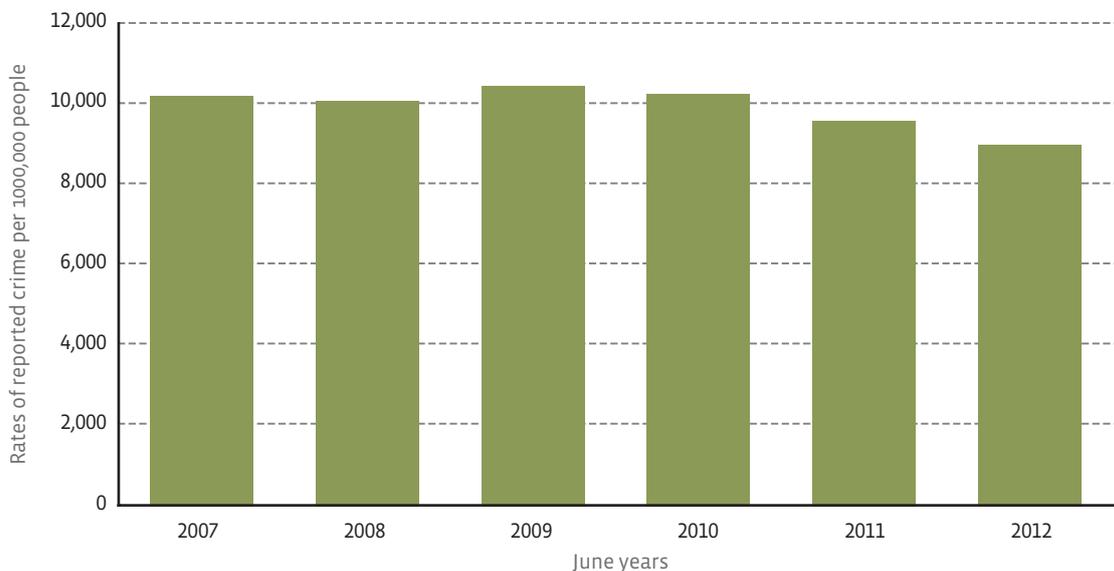
Resolution rates for various categories of offending vary considerably depending on how the offences come to Police attention. Offences that require Police-initiated investigation and enforcement, such as drug-related crime and public order offences, have seen slight improvements in resolution rates over the past few years. On the other hand, offences which require victims to report the crime, such as violence and theft, have seen slight declines in resolution rates between 2011 and 2012.

### Uncertainty remains around non-reporting and non-recording of crime

The greatest uncertainties around statistics such as recorded crime and offending rates are the level of non-reporting by victims and of non-recording of reported crime by Police. This non-reporting and non-recording is canvassed in the New Zealand Crime and Safety Surveys which are conducted intermittently by the Ministry of Justice—the last being undertaken in 2009.<sup>23</sup> These surveys consistently showed that only around 40% of crime is reported to Police, and of this 40% reported to Police, only about one third was actually recorded by them.<sup>24</sup> This means that of the crimes which require victims to report offences to Police, only about 1 in 8 crimes actually end up in the recorded crime statistics published by the New Zealand Police.

Data on recorded crime such as that behind [Figure 5](#) and [Table 8](#) may still be useful as an indication of trends in criminal offending if patterns of non-reporting by victims and non-recording by Police remain consistent over time. We have no way of knowing if these patterns are consistent without surveys of citizens' experiences of crime, such as the New Zealand Crime and Safety Survey, and without public disclosure by the Police of their policies and practices around the non-recording of offences. As discussed below, there is some evidence of recent changes in Police practice around how domestic violence instances are recorded. If such changes have also occurred for other categories of offences then the recent decline in offending levels and rates may be overstated.

**Figure 5: Rates of reported crime in New Zealand 2007–2012** <sup>25</sup>



## SERIOUS CRIME

### Serious crime also appears to have declined

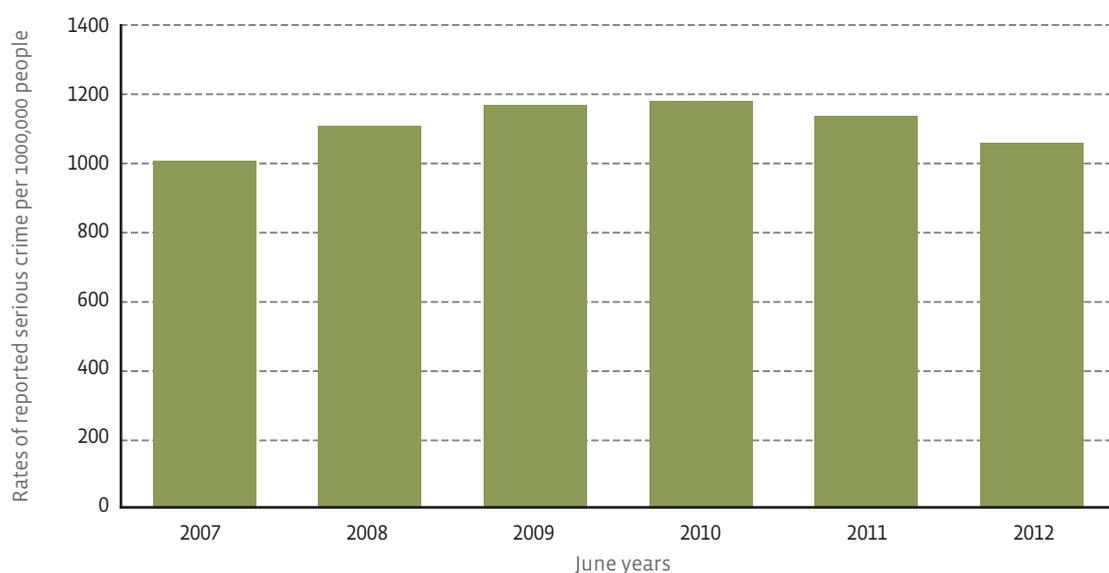
The number of serious criminal offences (those involving violence or sexual offending) recorded by the New Zealand Police during the year to 30 June 2012 declined by 6.1% to 46,715—the lowest figure since 2007. Over the five years to 30 June 2012 this figure did, however, rise by 10%.

In terms of population-based rates, the rate of recorded serious criminal offences dropped nearly 7% between 2010/11 and 2011/12 to 1,057 recorded offences per 100,000 people. This decline follows a similar decline of 4% between 2009/10 and 2010/11. These trends are shown in Figure 6.

**Table 8: Changes in crime resolution rates for selected offence categories 2007–2012**

Year ending June	2007	2011	2012
Acts intended to cause injury	83.5%	83.7%	82.6%
Sexual assaults and related offences	64.0%	58.8%	57.5%
Unlawful entry/burglary	16.0%	15.2%	15.0%
Thefts	48.0%	55.8%	55.7%
Illicit drugs offences	94.9%	92.0%	93.5%
Public order offences	87.0%	88.8%	89.6%
<b>All reported offences</b>	<b>44.7%</b>	<b>47.3%</b>	<b>47.6%</b>

**Figure 6: Rates of serious crime in New Zealand 2007–2012**



### **Declining levels of domestic violence may be an aberration**

In previous State of the Nation reports we have emphasised the fact that the apparent increases in violent offending most likely were the result of increased reporting of domestic violence. This increase in reporting is essentially a very positive thing and can probably be attributed to the 'It's not OK' anti-violence campaign led by the Ministry of Social Development that commenced in 2007.

Most of the recent declines in rates of serious crime appear to be the result of changes in recorded incidents of domestic violence, and in particular to how domestic violence is being treated by the Police.

Recording of domestic violence incidents and offences is somewhat unclear, with the New Zealand Police recently deciding to change the way domestic violence is recorded to be more consistent with Australian practice.<sup>26</sup> This change will make future comparisons with past estimates of domestic violence a little more difficult. On any account, past State of the Nation reports by The Salvation Army have used a proxy measure for domestic violence: that of violent offending taking place within a dwelling. The basis of this proxy measurement is that most violent offending that takes place within a dwelling will be between people known to each other, rather than by a stranger—as in home invasion type offences. [Table 9](#) provides a more detailed analysis of violent and sexual offending by whether or not this offending occurred in a dwelling or elsewhere.

The data provided on [Table 9](#) suggests that the rates of recorded violent and sexual offending occurring in dwellings declined by 7% between 2010/11 and 2011/12 although the 2011/12 figure remains 29% higher than five years earlier. All of the growth in recorded violent and sexual offending over the past five years occurred in dwellings, while offending outside of dwellings and presumably outside the sphere of domestic violence actually declined by 9%.

[Figure 7](#) compares rates of recorded violent and sexual offending in dwellings and elsewhere to illustrate the extent to which recent growth in such offending was driven by an expansion of reported domestic violence and also how, more recently, the decline in recorded offences has been both inside and outside dwellings.

Most of this recent decline in the numbers of domestic violence type offences appears to be as a result of changing Police practices. For example during the 2010 calendar year, Police were called out 84,673 domestic violence instances and recorded 42,108 offences from these callouts—an offence rate of nearly 50%. During 2011, Police domestic violence callouts increased by 2.4% to 86,722, yet the number of offences recorded as a result fell by nearly 5% to 40,024 giving an offence rate of just over 46%.<sup>27</sup> This decline in recorded offences of just over 2000

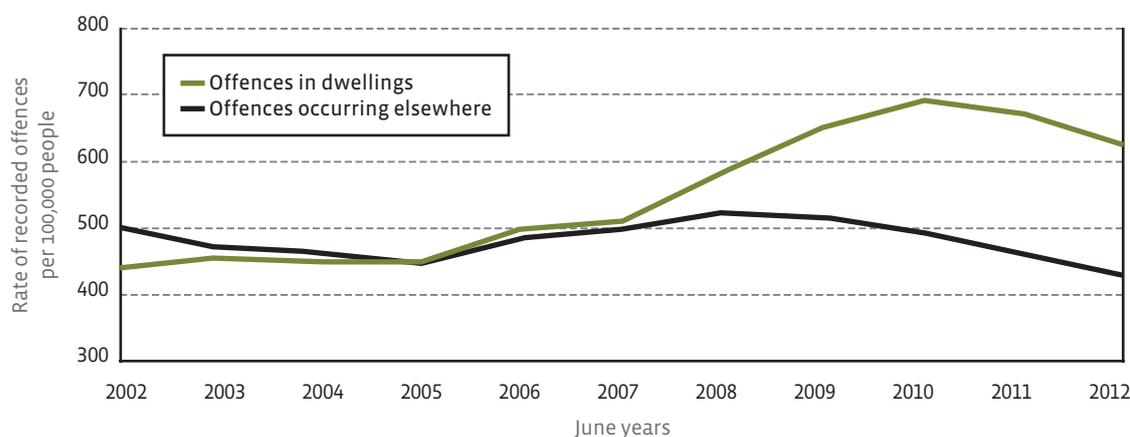
equates closely with the declines reported in Table 9.

There are probably legitimate and reasonable reasons for this change in the way Police respond to domestic violence incidences and these changes may result in better social outcomes for the families and households concerned. It seems unlikely, however, that this reduction in recorded offending is mainly the result of less serious levels of offending or of more trivial callouts given the scale of the change over a single year. This suggests that much of the apparent reduction in rates of family and other domestic violence is a result of changing Police practice rather than declining rates of offending. The full picture of New Zealand’s domestic violence problem remains elusive, and until the public have access to consistent data based on consistent practice, analysis such as that above which is based on proxies is all we have to gauge progress.

**Table 9: Estimates of domestic violence and its contribution to violent offending**

June years	2007	2008	2009	2010	2011	2012
Reported violent offences in dwellings	19,587	23,049	25,938	28,035	27,297	25,382
All reported violent offences	39,453	44,345	47,143	48,451	46,410	43,221
Reported sexual assaults in dwellings	1,792	1,783	1,889	1,932	2,195	2,221
All reported sexual assaults	2,784	2,667	2,794	2,874	3,227	3,312
Total all ‘domestic violence’ type offences in dwellings	21,379	24,832	27,827	29,967	29,429	27,603
Total all reported violence and sexual assault offences	42,237	47,012	49,937	51,325	49,637	46,533
‘Domestic violence’ as % of all reported violence and sexual assaults	51%	53%	56%	58%	59%	59%

**Figure 7: Recorded rates of violent offending in dwellings and elsewhere 2002–2012**



## SENTENCING AND IMPRISONMENT

### Community sentence numbers continue to rise

Both the number of community-based sentences and the rate of community sentencing rose between 2010/11 and 2011/12. During the year to 30 June 2012, 65,711 sentences were managed by the Department of Corrections. This number is an increase of 4% over the previous year and is 74% higher than five years previously.

The number of people who were given home detention sentences has declined slightly from 3,774 in 2010/11 to 3,360 sentences in 2011/12—an 11% fall. The 2011/12 number of sentences is 120% higher than in 2006/07, however.

Overall, the rate of community sentencing rose between 2010/11 and 2011/12 from 1995 sentences per 100,000 people aged over 18 years to 2,063 sentences per 100,000. This is the highest rate on record and is nearly two thirds higher than five years ago.

Detailed data on community-based sentencing is provided on [Table 10](#).

### Prisoner numbers fall for the first time in nearly two decades.

The average number of prisoners held in New Zealand prisons fell during 2010/11 for the first time since 1993/94. [Figure 8](#) shows prisoner number trends for the past five years.

The average number of prisoners in the prison muster during the year to 30 June 2012 was 8,586—of which 6,692 prisoners were serving sentences and 1,894 were being held on remand.

The 2011/12 prison population was 1.5% lower than the previous year when there was an annual average record of 8,715 prisoners. The 2011/12 muster figure is still 11% higher than it was five years ago (2006/07) when the average prisoner population was 7,734 people.

**Table 10: Community-based and home-based sentences 2007–2012** <sup>28</sup>

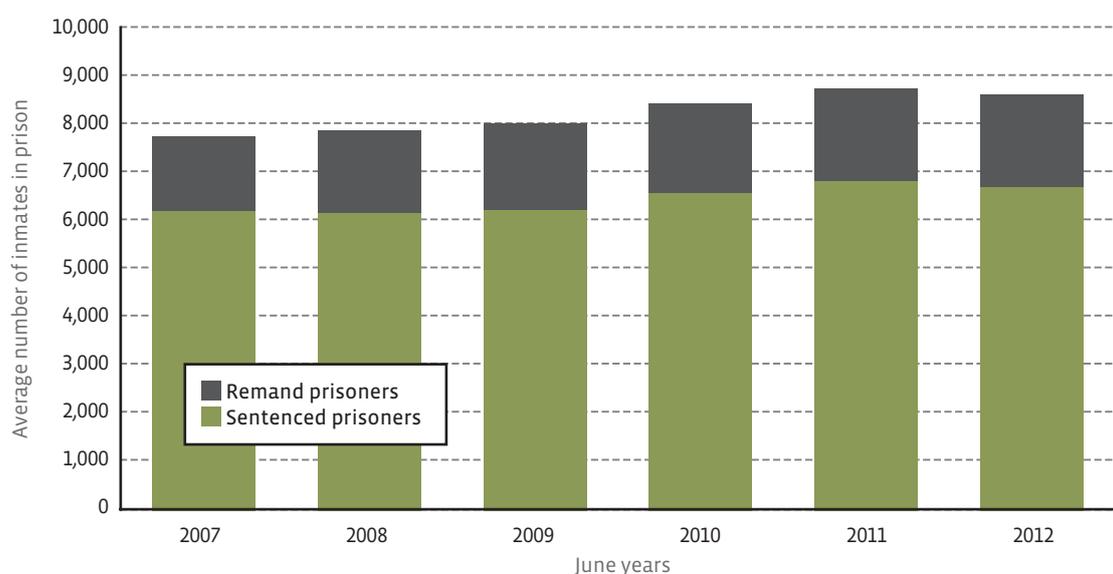
June years	2007	2008	2009	2010	2011	2012
Non-custodial community sentences	37,746	46,518	55,648	62,103	63,168	65,711
Home detention orders and sentences	1,517	2,736	3,175	3,472	3,774	3,360
Rate of community-based sentences (per 100,000 people aged over 18 years)	1254	1553	1829	2006	1995	2063

Given this modest decline in prisoner numbers, the national imprisonment rate has also fallen slightly from 198 prisoners per 100,000 population in 2010/11 to 194 per 100,000 in 2011/12. This modest recent imprisonment rate is still slightly higher than the rate of 183/100,000 in 2006/07

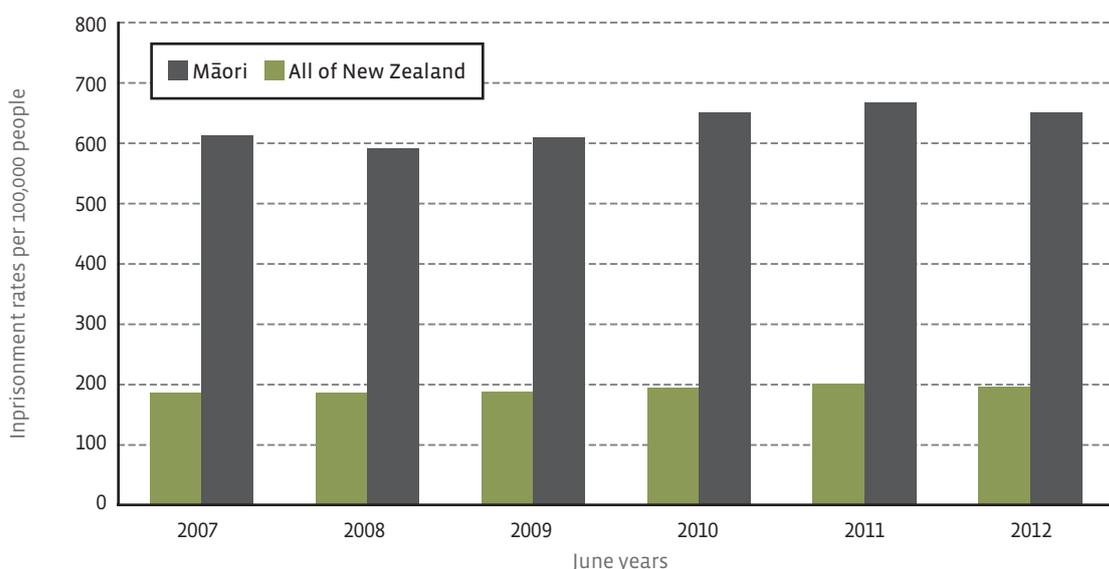
Between 2007 and 2012, the proportion of the prison population identified as Māori rose slightly from around 49.5% to 51%. During the year to 30 June 2012, there was an average of 4,400 Māori prisoners, slightly lower than an average of around 4,450 the previous year.

Māori over-representation in the prison system is best illustrated by a comparison of imprisonment rates as shown in Figure 9. Figure 9 illustrates imprisonment rates for Māori and for the entire population, and includes male and female in these figures. The imprisonment rate for Māori males in 2011/12 stood at just over 1,250 prisoners per 100,000 population—nearly six times that for non-Māori males (213 prisoners per 100,000 population). These rates for Māori and non-Māori are slightly lower in 2011/12 than they were in 2010/11 but remain higher than five years earlier.

**Figure 8: Average prison population 2007–2012** <sup>29</sup>



**Figure 9: Rates of imprisonment Māori and total population 2007–2012**



## RECIDIVISM

### Re-offending and re-imprisonment rates show slight fall

After a number of years where rates of re-imprisonment and re-conviction of released prisoners have been disappointing, there appears to be some progress with modest but consistent reductions in key indicators. For example, the 12 month re-conviction rate for released prisoners fell from 45.3% to 43.3% between 2010/11 and 2011/12, and the 24 month re-imprisonment rate fell from 39.2% to 37.0% over the same period. Recidivism rates for Māori remain 3–6% lower than the total prison population.

These recent improvements should be seen in a slightly longer context. Although the latest data show mainly positive results, over a longer period the recent improvements are just really a recovery of ground lost over the past three or four years. These trends are reported in [Table 11](#).

### A changing approach to dealing with re-offending may be emerging

The 2011-12 financial year appears to have marked a significant and encouraging shift in Government's focus around prisons. Total spending on rehabilitation and reintegration services rose over 16% to June 2012 to more than \$153 million (in inflation-adjusted terms). This figure is 57% higher (in inflation-adjusted terms) than the spend five years previously. Given the slight fall in total prisoner numbers between 2010/11 and 2011/12, this increase in overall spending has also translated into increased per-prisoner spending.

### Modest increases in spending on Corrections

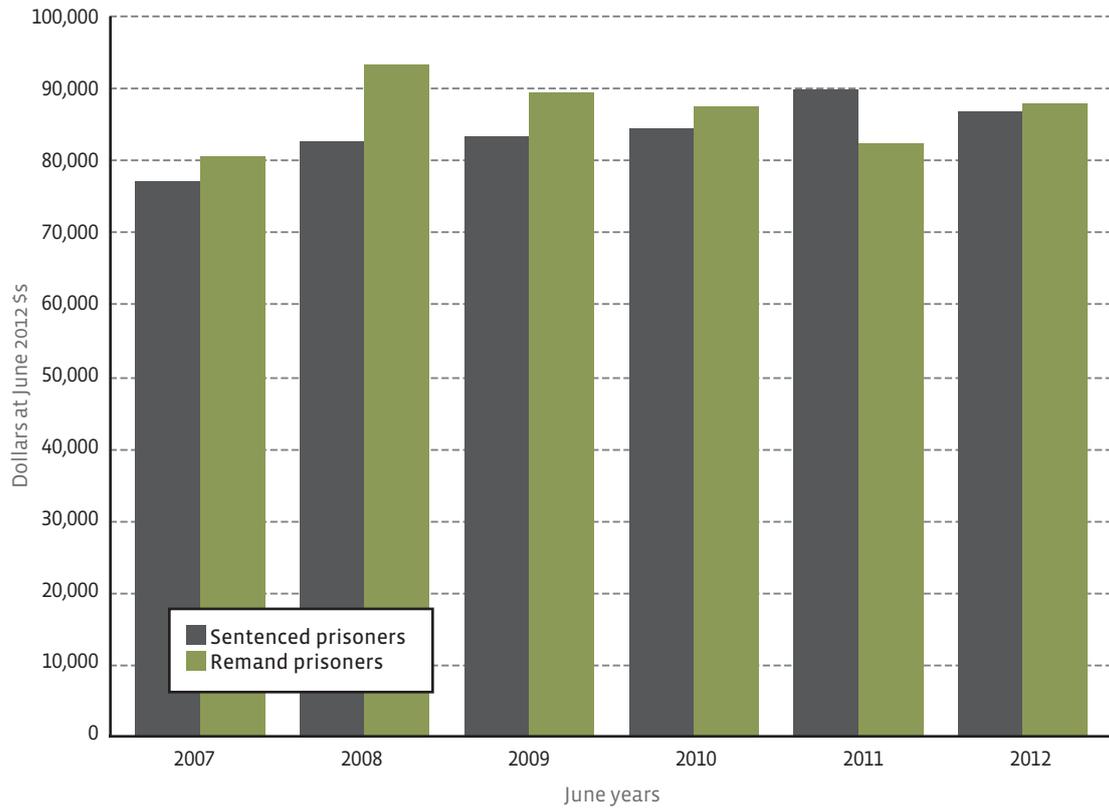
Total spending on community sentences, prisons and custodial services rose in nominal terms by 3.7% from \$1.14 billion to \$1.18 billion, between 2010/11 and 2011/12. Within this spending there appears to have been some significant re-allocations within existing budgets toward rehabilitation and reintegration services and to custodial services for sentenced prisoners.

The modest budget increase, these reallocations and a slightly smaller prison muster have meant that the average annual per-prisoner spend on sentenced prisoners rose sharply from \$81,600 (in June 2012) in 2010/11 to just over \$88,000 in 2011/12—a real increase of nearly 7%. Offsetting this increase slightly was a 3.4% decrease between 2010/11 and 2011/12 in the average real cost of keeping a remand prisoner, from \$90,000 per year to just under \$87,000 per year. The five-year trends in per prisoner costs for both remand and sentenced prisoners are provided in [Figure 10](#).

**Table 11: Prisoner recidivism and spending on rehabilitation and reintegration services**

June years	2007	2008	2009	2010	2011	2012
<b>TOTAL PRISON POPULATION</b>						
12 month re-imprisonment rate	27.6%	27.2%	27.6%	28.4%	27.1%	27.0%
12 month prison to reconviction	42.3%	43.5%	47.6%	47.5%	45.3%	43.3%
24 month re-imprisonment rate	38.8%	39.7%	36.8%	37.9%	39.2%	37.0%
24 month prison to reconviction	55.4%	57.6%	58.7%	61.9%	62.2%	59.9%
<b>MĀORI PRISON POPULATION</b>						
12 month re-imprisonment rate	31.2%	30.5%	31.0%	32.6%	29.7%	30.4%
12 month prison to reconviction	47.6%	47.9%	52.3%	52.2%	50.0%	47.3%
24 month re-imprisonment rate	42.5%	42.1%	41.5%	43.3%	44.0%	40.8%
24 month prison to reconviction	60.3%	62.4%	64.4%	68.2%	67.3%	65.6%
<b>SPENDING ON REHABILITATION AND REINTEGRATION SERVICES</b>						
Total spend — in June 2012 \$s (millions)	97.7	112.7	116.7	130.2	131.6	153.6

Figure 10: Real average annual per prisoner spend on custodial services <sup>30</sup>



## ASSESSMENT: CRIME & PUNISHMENT

OVERALL CRIME	RESULT
The gains from 2010/11 have been consolidated during 2011/12 which is good news. A great deal of crime goes unreported and it would be useful to have a better understanding of the causes and extent of this. Closer public attention should be given to how and when the Police record crime, and the discrepancies here remain a concern.	<b>B+</b>
SERIOUS CRIME	
The apparent continuing decline in violent crime is to be applauded and appreciated. Some doubt, however, remains around whether this decline represents an attitudinal and behavioural change on the part of perpetrators, or subtle changes in reporting and recording behaviours. More effort is also required to reduce contributory risks—such as alcohol availability—which aggravate domestic violence, and the lack of any meaningful progress in this area is disappointing. A renewed effort in anti-violence social marketing campaigns and community-based programmes backing up such campaigns would also be useful.	<b>C+</b>
SENTENCING AND IMPRISONMENT	
The continuing rise in community-based sentences is the blot on what can be seen as a sound performance in this area. This increase appears to be partly driven by a shift from the use of monetary penalties to community sentences, and this shift is probably preferable and more realistic in terms of compliance, avoidance of hardship and potential for rehabilitation. The recent decline in the prison population comes off the back of around seven years of unprecedented growth, and is within forecasts and expectations which have been set elsewhere within the justice sector. This decline, however, is welcome relief and may be pointing to a less reactionary and more informed public debate around crime and punishment.	<b>B+</b>
RECIDIVISM	
Reducing re-offending by former prisoners and those completing community sentences is probably the biggest circuit breaker we have for changing crime and punishment in New Zealand. The priority which Government has given to this challenge is very encouraging. The results on the ground are promising, although it is early days yet. The real test is around turning these extra dollars into worthwhile programmes that can bring about meaningful and lasting change for released prisoners.	<b>B+</b>

**KEY**    **A:** Excellent progress    **B:** Encouraging progress    **C:** Limited or modest progress  
**D:** No progress or going backwards    **F:** Failing



Tanya Hunt who with the help of Ausmove is packing up the family and moving to Australia.

New Zealand Herald, 10 January 2013. Photography: Dean Purcell / New Zealand Herald

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## WORK & INCOMES

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Levels of unemployment are twice what they were before the global financial crisis of 2007 and since then almost 150,000 New Zealanders have left for Australia. The daunting thing about these trends is that they appear to be barely registering in the stories told by local media or very highly on the agendas of policy makers and their advisors. An emerging story of work and income is a dual one. For those in well paid work and secure housing, life has got better with recent income growth and low interest rates. However, for those out of work or employed casually in low wage jobs the emerging picture is less attractive. This second story is seldom being told, and perhaps because of this the political agenda remains focused on other things such as cutting welfare entitlements and reducing Government's deficit as quickly as possible.

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### EMPLOYMENT AND UNEMPLOYMENT

#### **Weak job growth in the face of rising unemployment**

While the economy over the past two years has avoided sinking into recession again, economic growth remains fragile, and this fragility has translated into very weak job growth. In the face of this static employment picture more New Zealanders are either out of work or have departed for Australia.

Total employment over the past year (to 31 December 2012) and indeed over the past five years has scarcely grown, as indicated in [Figure 11](#). Job estimates from the Household Labour Force Survey suggest that there are 2.194 million jobs in the New Zealand economy—30,000 fewer than a year previously, and just 0.4% more than the 2.186 million jobs available in December 2007. The split in jobs between full-time and part-time has changed very little over the past five years.

This meagre job growth can mainly be attributed to very modest economic growth since late 2007. Cumulative GDP growth for the five years since September 2007 amounts to just 3.3% while real per capita GDP has actually declined by around 1.7% over the same period.<sup>31</sup>

#### **Employment of over 65s continues to grow**

New Zealand's present employment and unemployment position is complicated by a number of factors, including higher labour force participation by those aged over 65 years, fluctuating migration, and continuing growth in the working age population.

Between September 2007 and September 2012 the population aged between 15 and 64 years increased by nearly 4% or by 110,000 people to an estimated 2.933

million people.<sup>32</sup> The Household Labour Force Survey estimates of the working age population includes people aged over 65 years, and because of this, these estimates suggest even faster growth of the working age population over the past five years. These estimates suggest that this 'working age population' has grown nearly 6% or by 195,000 people to 3.496 million people by September 2012. An increasing number of people aged over 65 years are choosing to remain in the labour force as indicated by [Figure 12](#). Between December 2007 and December 2012, the number of people aged over 65 and still working increased by 50% from around 74,000 to nearly 112,000 people.

### **Numbers of 15 to 19 year olds in work fall to lowest level in over 10 years**

As can also be seen in [Figure 12](#), the growth in labour force participation by older people has coincided with a decline in the numbers of younger people aged 15 to 19 years who are in employment. This employment decline has led both to an increase in the unemployment rate amongst 15 to 19 years from around 12% in 2007 to over 34% in 2012 and to a decline in their labour force participation rate from around 58% to around 44%. This decline in the participation rate of 15 to 19 year-olds is most likely due to more people remaining at school or in study or full-time training or to them simply falling into the ranks of the discouraged unemployed. No estimates of the numbers of NEET (not in education or employment or training) of this last group has been undertaken since September 2011 when the estimated number of NEET youth aged 15 to 19 years was 24,000.<sup>33</sup>

The broad picture of the past five years as painted by these figures is that:

- there have been only around 8,000 jobs created within the economy
- the population of working age adults has grown by 110,000 people
- there are over 37,000 more people aged over 65 still working.

This suggests there are over 100,000 people not in work who in better economic times would have a job—half of whom are probably aged less than 20 years old.

### **Unemployment rate hits 10 year high**

Any change in unemployment can be described in three ways: by changes in the numbers of people receiving welfare benefits and especially the Unemployment Benefit; through the Household Labour Force Survey and its assessment that people who are not working are actively seeking work, and thirdly, through this Survey and its assessment that people not working would accept work if a suitable job was available—the so-called discouraged unemployed. The second measure of unemployed people actively seeking work is the official measure of

unemployment. These three indicators of unemployment are shown on [Figure 14](#) for the five years to December 2012.

Official unemployment as measured by the Household Labour Force Survey increased by 10,000 people between December 2011 and December 2012 to stand at around 163,000 people. By this measure, the official unemployment rate rose from 6.4% in December 2011 to 6.9% in December 2012—the highest December rate in over 10 years.

The broader measure of unemployment available through the Household Labour Force Survey is that of the ‘jobless’ figure. By this measure, unemployment rose 9% during the year to 31 December 2012 or by 23,000 people, to stand at 285,000 people.

Perversely, against these substantial increases in the numbers of people out of work, the numbers of people being paid the Unemployment Benefit declined over the past 12 months. Over the year to 31 December 2012, registered unemployment fell nearly 10% to 53,747 people. Over the same period, the number of people of the main welfare benefits fell by over 11,000 people.

By all three measures of unemployment, at the end of 2012 unemployment was double what it was five years earlier. Official unemployment has increased 112% since late 2007 while joblessness has risen by 89% and registered unemployment by 136%.

### **Māori and Pacific Island unemployment rate is double the national rate**

The relatively poor position of Māori and Pacific Island workers in the labour market is well demonstrated by higher unemployment rates at around double the average overall rate and nearly three times the rate for New Zealand Europeans. In December 2012, Māori faced an unemployment rate of 14.8% and Pacific Island people faced a rate of 16% while New Zealand Europeans experienced a rate estimated at 5.5%.

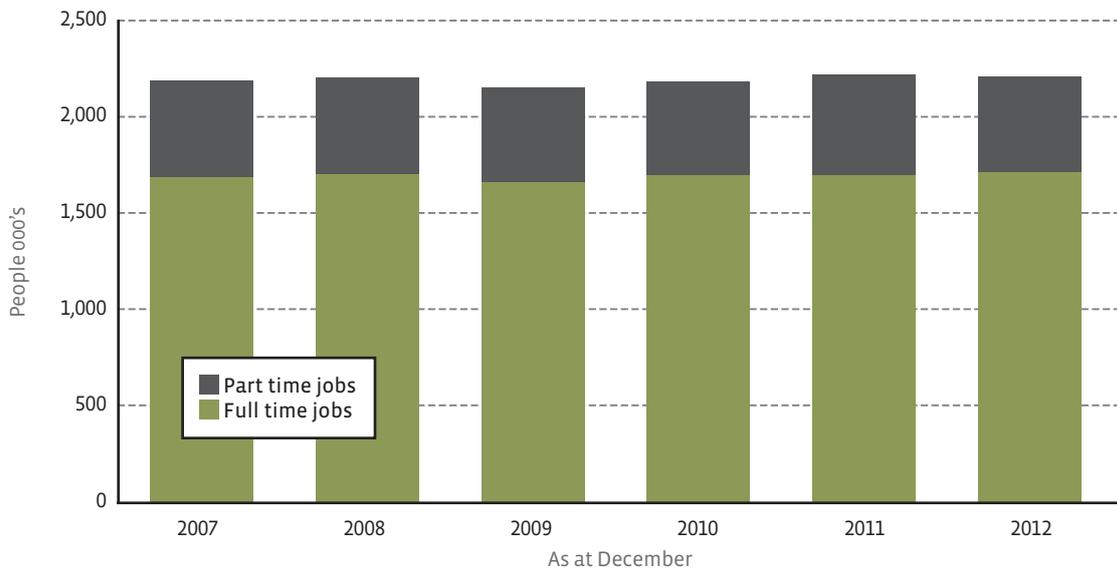
The unemployment rate for males stood at an estimated 6.3% in December 2012 up from 6.3% a year earlier and up from 3.3% five years earlier. The female unemployment rate has remained consistently higher than the male rate at 3.3% in December 2007 rising to 6.4% in December 2011 and to 7.4% in December 2012.

### **Exodus to Australia hits 30 year high**

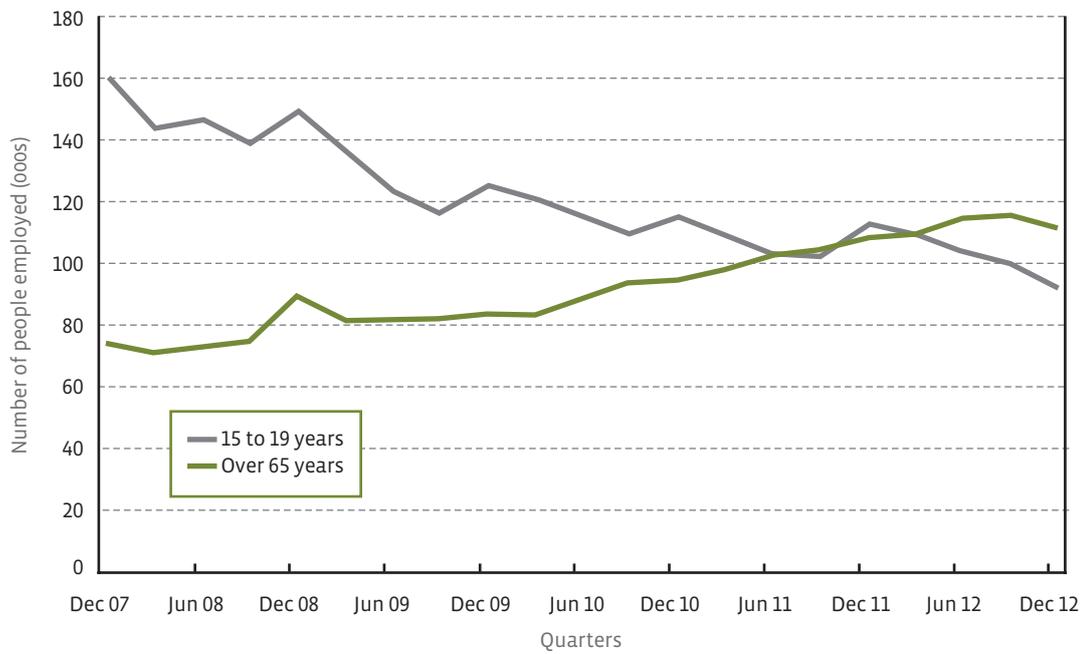
Migration patterns are linked to unemployment although not necessarily directly. Inward migration has, over the past decade or so, largely been determined by a policy which has allowed around 60,000 foreign citizens each year to settle in New Zealand on a permanent basis. Outward migration,

“at the end of 2012 unemployment was more than double what it was five years earlier”

**Figure 11: Total employment in New Zealand 2007–2012** <sup>34</sup>



**Figure 12: Employment of 15 to 19 year-olds and over 65 year-olds 2007–2012** <sup>35</sup>

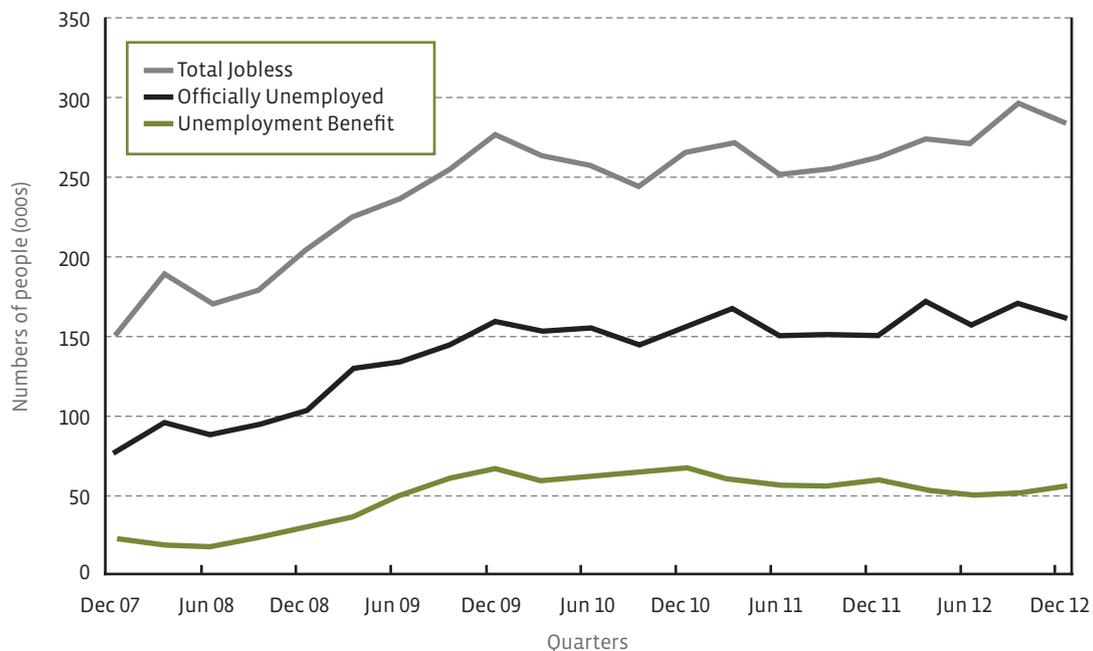


especially to Australia, appears to be related to the employment fortunes of both countries and it is this 'safety valve' of departure to Australia that has reduced the levels of unemployment resulting from New Zealand's quite dismal job growth. This is especially so over the past two years.

The past year has seen a significant deterioration in New Zealanders' confidence in New Zealand with record numbers departing to Australia. In mid-2012, these departures rose to levels not seen in at least three decades and led to a net loss of nearly 40,000 people in the year to 30 June 2012. During the first quarter of 2012, the net exodus to Australia reached nearly 1,000 people per week.

During 2012, the outward migration of this scale had not been covered by inward migration by foreign citizens resulting in a net loss of 3,280 people for the year to 30 September 2012. This is the first annual net loss of people through migration since early 2001.

**Figure 13: Measures of unemployment 2007–2012**



## INCOMES

### Encouraging income growth for those in work.

Those in work experienced real growth in their wages and salaries during 2012—for the first time in nearly two and a half years. During the 12 months to 31 December 2012, the average weekly wage increased \$21 in nominal terms from \$1,026 to \$1,047 per week. In inflation-adjusted terms this is an increase of 2%. Over the past five years to December 2012 the average weekly wage rose by just over 6% in inflation-adjusted terms. This change is reported in [Figure 14](#).<sup>36</sup>

### Income inequalities increase slightly

Greater inequalities in earnings may be emerging as a by-product of this income growth. The ratio of the average hourly wage received by those working in the highest paid sector (the finance and insurance sector) and that of those working in the lowest paid sector (the hospitality sector) increased from 2.10 in December 2007 to 2.29 in December 2011. More recently, in December 2012, this ratio has increased marginally further to 2.30. During the 2011/12 year, the average hourly wage in the finance and insurance sector grew from \$37.64 to \$39.01 while the average hourly wage of those in the hospitality sector grew from \$16.43 to \$16.99.

The earnings gap between men and women has remained fairly constant. In December 2012, the average hourly wage of women at \$25.16 was 87% of that of men at \$29.04. Back in December 2007, the average female hourly wage was also 87% of that of the male wage.<sup>37</sup>

**Figure 14: Real average weekly wages 2007–2012** <sup>39</sup>



### **More people earning the minimum wage**

On 1 April 2012, the adult minimum wage was increased from \$13.00 to \$13.50 per hour. Estimates provided in the regulatory impact statements which accompanied this change suggest that the number of people earning the minimum wage increased from around 64,000 at \$13.00 per hour to as many as 90,000 people at \$13.50. As well, 7,000-8,000 other workers were estimated to be on the new Starting Wage of at least \$10.80 per hour. In 2007, when the minimum wage was lifted from \$10.25 to \$11.25 per hour, approximately 13,000 people had their wages lifted by this change. Clearly, minimum wage legislation is now having a greater impact on lifting the wages of low paid New Zealand workers as more and more of them rely on this legislation to determine their pay rates.<sup>38</sup>

## **BENEFITS AND PENSIONS**

### **Working age benefit numbers fall despite growing unemployment**

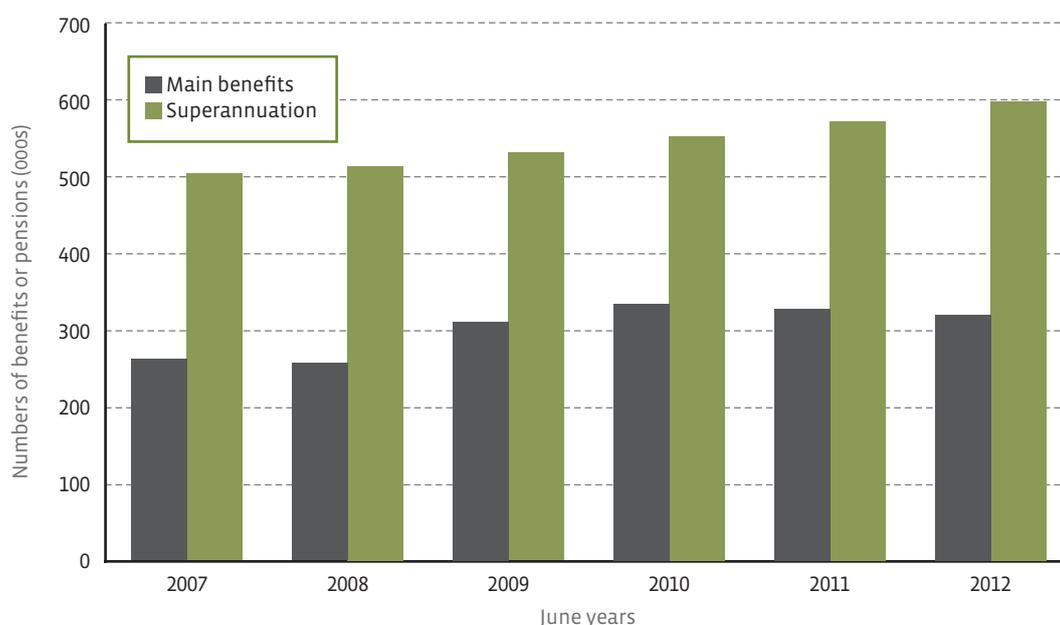
The total number of working age people receiving welfare benefits fell by 3.4% or by 11,800 people for the year to 31 December 2012, to just over 339,000 people. This fall is puzzling given that official unemployment rose by over 6% over the same period. Of this drop, 53% was due to a reduction in numbers of people receiving an Unemployment Benefit while most of the remainder was from reducing pay-outs of the Domestic Purposes Benefit. Over the five years to December 2012, beneficiary numbers grew 26%.<sup>40</sup>

### **New Zealand Superannuation recipients top 600,000**

The numbers of people signing up for the New Zealand Superannuation pension has met predictions, and the number of people receiving this payment will probably exceed 610,000 by the beginning of 2013. Over the five years to 30 June 2012, the number of people receiving this pension grew by 19%. Numbers are expected to grow by 400 to 500 people per week for the next decade. [Figure 15](#) reports recent trends in benefit and pension numbers.

[Table 12](#) reports recent trends in Government spending on the main income support programmes. Total expenditure on these programmes during 2011/12 was \$18.8 billion, a 3.2% real increase on the previous year and nearly 21% more (in real terms) than five years previously. Of this increased expenditure over the past five years, 55% of the increase is due to increased spending on New Zealand Superannuation, 22% is from increased entitlements under the Working for Families package, 14% is from additional spending on the four main welfare benefits and 9% is on extra spending on housing subsidies.

**Figure 15: Welfare benefit and retirement pension numbers 2007–2012** <sup>41</sup>



## LIVING COSTS AND FOOD POVERTY

### Slight growth in food bank demand

The Salvation Army operates the largest network of food banks in New Zealand through its 58 Community Ministries centres from Kaitaia to Invercargill. These food banks provide free emergency food parcels to families and individuals who have run out of emergency benefit entitlements with Work and Income. Demand for and supply of food parcels can vary from place to place and from time to time on account of changes in Government policies for emergency assistance and depending on how prominently the Army promotes the service locally. Levels of provision of these food parcels are, however, seen as a good indicator of the extent of food poverty given the extensive network of sites delivering this assistance and the established place which these food banks have within the communities they serve.

During 2012, provision of food parcels through The Salvation Army's food banks grew by 1.1% to 54,600 parcels which were provided to nearly 28,600 families and individuals. This most recent outcome continues a trend of consolidated demand from the previous two years. As shown in [Figure 16](#), food parcel provision grew rapidly between late 2007 and early 2010, when the volume of parcels provided doubled.

### Living costs rise by 1.2%

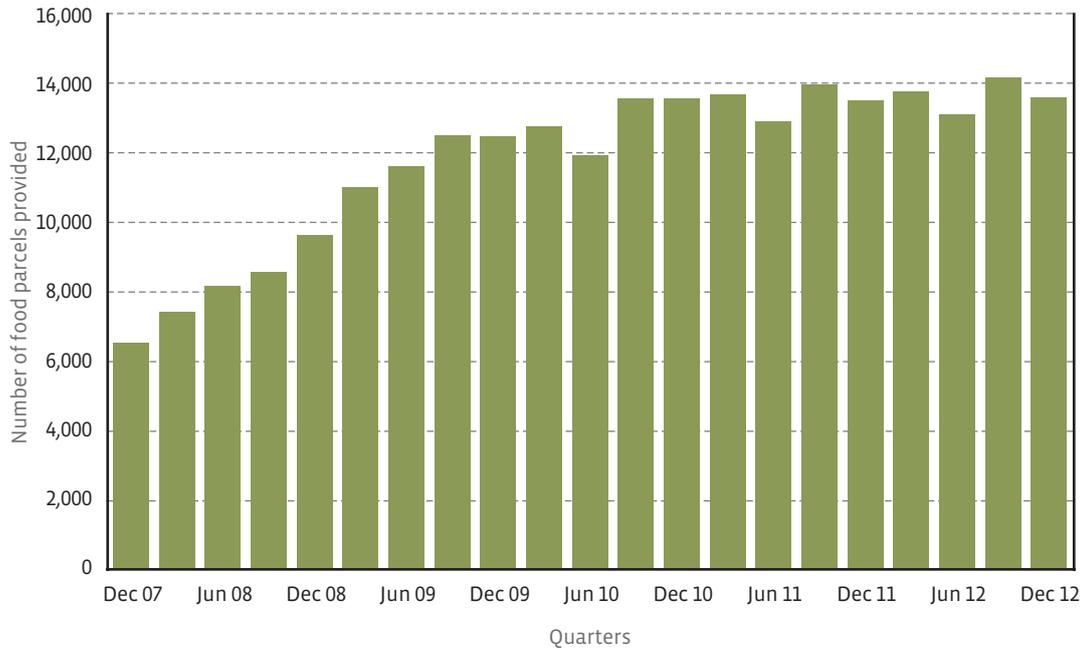
Statistics New Zealand's Consumer Price Index (CPI) measures changes in prices for a standard basket of goods and services which might be purchased by a typical New Zealand household. This basket may not closely match a typical low income household mainly because with less income such a household would be unable to afford some of these things regularly purchased by middle class households. In order to gain some appreciation of how the living costs faced by a typical low income household are changing The Salvation Army's Social Policy and Parliamentary Unit have developed a simple alternative cost of living index known as the 'low income household living cost index'. This index is based on various sub-categories of goods and services provided by Statistics New Zealand in the CPI survey. These sub-categories are re-weighted to more closely reflect the spending patterns of a low income household.

Figure 17 reports changes in the main CPI—All Groups price index reported by Statistics New Zealand and the 'low income household living cost index' for the five years to 31 December 2012. During the year to 31 December 2012, the CPI inflated by a mere 0.9% while the low income household index inflated by 1.4%. Over the five years to December 2012, the cumulative change in the CPI has been 12.7% while the change in the low-income household index has been 14.2%. This difference is not seen to be significant given its size.

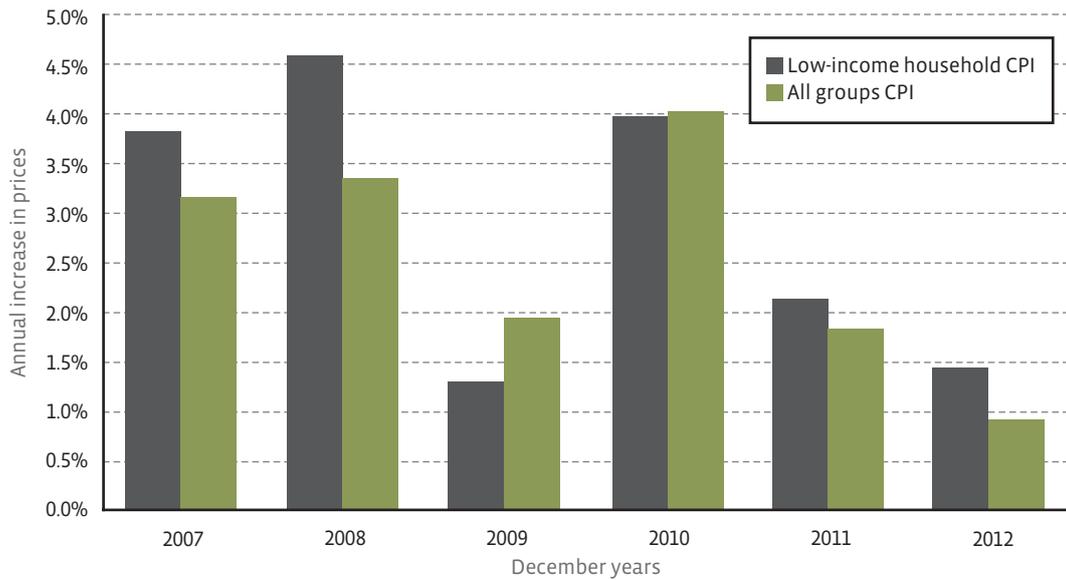
**Table 12: Expenditure on major income support programmes 2007–2013 (\$millions) <sup>42</sup>**

June years	2007	2008	2009	2010	2011	2012	2013 Budgeted
New Zealand Superannuation	6,810	7,348	7,744	8,290	8,830	9,584	10,243
Accommodation Supplement	877	891	989	1,154	1,197	1,195	1,243
Income Related Rents	440	474	512	522	564	596	626
Domestic Purposes Benefit	1,468	1,478	1,530	1,693	1,757	1,811	1,820
Invalids Benefit	1,132	1,216	1,260	1,303	1,306	1,325	1,320
Sickness Benefit	573	582	613	710	743	775	781
Unemployment Benefit	613	458	586	930	943	883	881
Working for Families	1,699	2,460	2,646	2,763	2,724	2,649	2,689
TOTAL (\$ millions—nominal)	13,612	14,907	15,880	17,365	18,053	18,818	19,603
TOTAL (\$ millions—June 2012)	15,587	16,410	17,158	18,455	18,236	18,818	19,603

**Figure 16: Food parcel distribution by The Salvation Army 2007–2012** <sup>43</sup>



**Figure 17: Low income household living cost index 2007–2012** <sup>44</sup>



## ASSESSMENT: WORK & INCOMES

EMPLOYMENT AND UNEMPLOYMENT	RESULT
<p>Employment growth has been dismal over the past four years—a predictable outcome of the sluggish economy. The singular failure by Government to address entrenched youth unemployment has been made more disappointing by its Youth Focus programme, with its populist focus on the work habits of a small proportion of young people. The failure of policy makers and the media to be concerned about rising unemployment is worrying.</p>	<b>D</b>
WAGES AND INCOMES	
<p>Recent income growth for those in more skilled jobs will be welcomed by those concerned, although there is little cheer for people in less well paid and less secure employment. Signs of growing income inequality are of some concern, although the extent and longevity of the changes to date are not sufficient enough to be confident that a trend is emerging here.</p>	<b>C+</b>
BENEFITS AND PENSIONS	
<p>The increasing cost of retirement pensions is quite predictable. There has, however, to date been no meaningful public debate over the sustainability of this growing cost or of the equity of over 100,000 people aged over 65 who are working and also receiving NZ Superannuation. The lack of growth in the numbers receiving welfare benefits perhaps indicates the effectiveness of the Government's new welfare regime in limiting access to entitlements. In the face of rising unemployment, this muted demand for benefits is difficult to fathom.</p>	<b>C</b>
LIVING COSTS AND FOOD POVERTY	
<p>A fairly average performance in this area. The very small increase in living costs has arisen on account of the prevailing economic uncertainty and lack of effective demand. There is some risk of rising housing costs for low income households although there are few signs of this at present. Levels of food poverty have perhaps not worsened over the past 12 months but they have not improved either.</p>	<b>C</b>

**KEY**    **A:** Excellent progress    **B:** Encouraging progress    **C:** Limited or modest progress  
**D:** No progress or going backwards    **F:** Failing



Reformed poker machine addict Hamish Brown at home in Manurewa, Auckland.

New Zealand Herald, 30 April 2012. Photography: Greg Bowker / New Zealand Herald

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## SOCIAL HAZARDS

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Social hazards are socially condoned and even socially popular activities that people participate in for enjoyment but which can and do on occasion cause them, their families and their neighbours harm. These activities include the excessive consumption of alcohol, problem or frequent gambling, and the taking of illicit drugs. Measuring the harm done by these activities is difficult, in part, because illegal activities such as drug taking is most often hidden and, again in part, because of the guilt and hurt associated with peoples' addictions and harmful behaviour. It is also difficult to measure the harm caused by these activities because there is no public research programme to measure this harm in any meaningful and consistent way.

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The data offered below are offered as indicators of trends and changes in socially hazardous activities. Judgements implicit in the assessments concluding this section are not meant as an endorsement or condemnation but as a commentary that a reduction in an activity with potential to cause harm is a welcome trend.

### ALCOHOL

#### **An absence of research on drinking habits may limit public debate**

Previously we have discussed changes in New Zealanders' drinking habits as reported in the former Alcohol Advisory Council's drinking behaviours survey.<sup>45</sup> This survey was last conducted in late 2009 and reported in 2011. This research programme did not demonstrate rapid or significant changes in New Zealanders' drinking behaviours between surveys. These surveys nonetheless provided some evidence base to assess the extent and nature of the risks associated with alcohol consumption. The failure by Government agencies over the past three years to repeat this research has eroded this base and makes it more difficult to have an informed public debate around the place of alcohol in New Zealand society.

#### **Alcohol availability declines**

The volume of alcohol and alcoholic beverages which was available for consumption in New Zealand declined between 2010/11 and 2011/12—the first decline in such availability since 1997.

The biggest decline in availability was in that of lower strength spirit based drinks which are commonly known as alcopops or RTDs. On a beverage volume basis the availability of this class of drink fell 11% from 66 million litres in the year to September 2011, to 59 million litres in 2012. However, the 2012 volume of alcopops was still 10% higher than five years previously. Availability of beer fell 8% on beverage volume basis between 2010/11 and 2011/12 from 304 million

litres to 279 million litres. Wine availability was least affected by this overall decline with beverage volume based consumption falling just over 2% between 2010/11 and 2011/12.

For the year 30 September 2012, there were 32.7 million litres of pure alcohol available for consumption in alcoholic beverages. This was a 5.3% drop on the previous year but is still 5% higher than the volume of pure alcohol available in 2006/07. On a per capita basis, this 32.7 million litres represents 9.7 litres for every New Zealander aged over 18 years. This is just over 6% less than the 10.4 litres per person over 18 available during 2010/11, which as reported in the 2012 State of the Nation report was a 20 year record. The 2011/12 per capita availability result is nearly 2% less than in 2006/07. These trends are shown in [Figure 18](#).

**Figure 18: Per capita availability of alcohol for consumption 2007–2012** <sup>49</sup>



**Table 13: Alcohol related offences 2007–2012** <sup>50</sup>

June years	2007	2008	2009	2010	2011	2012
<b>PROSECUTIONS FOR SALE OF LIQUOR ACT OFFENCES</b>						
Sales to minors	225	256	229	181	308	264
Consumption by minors	274	263	311	201	187	169
Intoxication related offences	109	100	97	129	106	108
All liquor related offences	908	869	901	1086	1245	1023
<b>DRINK DRIVING OFFENCES</b>						
Breath tests done by Police	NA	2,327,893	3,162,922	3,261,367	3,265,114	2,864,380
Prosecutions for drink driving	27,380	31,524	33,689	33,394	30,313	28,624
Convictions for drink driving	24,858	28,737	31,288	31,127	28,472	27,056
Convictions as % of tests	NA	1.2%	1.0%	1.0%	0.9%	0.9%
<b>INFRINGEMENTS UNDER LOCAL GOVERNMENT ACT</b>						
Liquor ban breaches	7,650	9,359	11,081	11,415	10,100	10,454

## **Alcohol crime remains unchanged**

The number and rate of alcohol-related offences appear to have remained stable over the past year or so. Such offences include those directly related to the Sale of Liquor Act, drink driving offences and breaches of council liquor bans. These are reported in [Table 13](#) for 2007 to 2012. Not included in this list of offences are those such as violence and property damage where alcohol consumption has been a contributing or aggravating factor. For example, New Zealand Police have estimated that 'at least one third of all Police recorded offences are committed by an offender who has consumed alcohol prior to committing the offence' and that dealing with this offending uses up 18% of the Police budget.<sup>46</sup>

[Table 13](#) indicates that alcohol-related offences changed very little between 2010/11 and 2011/12. Over the five year period covered by this data two trends are however noticeable. The first is the gradual decline in the proportion of drivers failing drink/drug driving tests from around 1.2% in 2007/08 to 0.9% in 2010/11 and 2011/12. Random roadside breath testing of drivers is only ever a sampling exercise and the falling proportion of failed tests probably suggests that, overall, fewer people are driving while under the influence of alcohol.

The second trend identifiable in [Table 13](#) is the quick increase in liquor ban breaches between 2007 and 2009 and the stabilising of this number from 2009. This trend is probably due to the time it took local councils and Police to roll out liquor ban by-laws and enforcement practices. That the numbers have not significantly changed since 2009 suggests that people's drinking behaviours in public have neither improved nor worsened over the past three years.

## **Recent research identifies particular alcohol-related problems**

While there has been no publicly funded alcohol-related behavioural research undertaken within the past three years, two pieces of academic research published recently are worthwhile noting for the insights they offer into New Zealand's alcohol abuse problems.

An article published in the New Zealand Medical Journal in August 2012 reported that one in three drinkers who answered a postal survey admitted that their drinking had caused them harm in the previous year and that one in eight drinkers reported specific alcohol-related harms. People living in poorer communities, Māori and young men were more likely to report harm or troubles from their drinking.<sup>47</sup> An article published in the journal *Health and Place* in January 2013 studied self-reported drinking behaviours of New Zealand adolescents. This report was based on a 2004 phone survey and found that young people living in the poorest neighbourhoods and communities drank more heavily

but not necessarily more frequently than those in wealthier areas, and that young people in wealthy communities—rather than those in middle income communities—followed next in ranking in the heavy drinking stakes.<sup>48</sup>

## DRUG RELATED CRIME

### Recorded drug offences increase but availability may have changed little

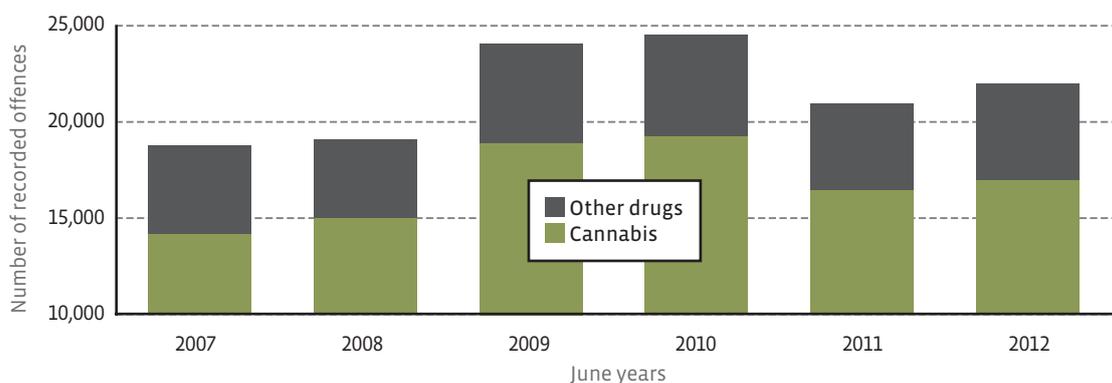
Recorded drug offences rose 5% between 2010/11 and 2011/12 to 22,052 offences. This most recent figure is 17% higher than the 18,808 offences recorded during 2006/07, but as Figure 19 shows recorded drug offences rose sharply between 2008 and 2010 to 24,580 recorded offences in 2009/10.

Little has changed recently in the composition of these drug offences with cannabis-related offences remaining at around 78% of all recorded offences. The make-up of cannabis related offences changed significantly between 2010/11 and 2011/12 with the proportion of offences for possession, use or procurement—rather than cultivation, manufacture or supply, declining from 53% of cannabis offences in 2006/07 to 49% in 2010/11 and to 45% during 2011/12. This change may indicate a shift in Police tactics as the number of offences for possession et cetera declined by 500 offences between 2010/11 and 2011/12, while the number of instances of more serious cannabis offences rose by 600.

Recorded offences for non-cannabis drugs rose from just over 4,500 in 2010/11 to nearly 5,000 offenses in 2011/12. These types of offences peaked in 2009/10 at 5,280 offenses.

Recorded drug offences heavily rely on Police surveillance and initiative to be discovered, so changes in the numbers of recorded offences may as easily demonstrate changing Police priorities as they do changing patterns of drug

Figure 19: Recorded drug crime 2007–2012<sup>52</sup>



making and drug taking. A recently released survey of alcohol and drug taking behaviours of people arrested by Police may begin to provide more insights into the current status of drug markets and of drug use.

This survey has so far been conducted in 2010 and 2011 at four Police sites with over 800 participants in each survey. The results reported generally show slight increases in detainees' drug taking behaviours but little or no change in either the availability or market price of drugs.<sup>51</sup> The value of such a survey will be in its continuation as the two year time span of the present programme does not allow us to draw longer-term assessments.

## **GAMBLING**

### **Gambling spend rises**

New Zealanders spent \$63 million more on various forms of legal gambling over the year to 30th June 2012 than they did during the previous year. At the same time the number of Class 4 gaming machines fell by nearly 3%.

The total spend on gambling during the year to 30 June 2012 was \$2.068 billion which is 3.2% more than for the previous year but only 2.6% higher than five years previously when in 2006/07 the total gambling spend was \$2.019 billion. Essentially, spending on gambling has remained fairly stable in nominal terms since 2004, and has gradually lost value in inflation-adjusted terms as a result.<sup>53</sup>

On a per capita base the most recent years' spend equates to \$619 for every person aged over 18 years, just a 1% increase in real terms on the per capita spend in 2010/11 but over 16% less than the per capita spend in 2006/07 when adult New Zealanders on average lost \$739 (at 2012 dollar values).

The six casinos saw revenue from gambling rise 8% in nominal terms between 2010/11 and 2011/12 to \$509 million. However, over the past five years and taking account of inflation, it is only the New Zealand Lotteries Commission's gambling such as Lotto and Keno which have seen any growth in spending growing by 10% to reach \$419 million during 2011/12. Spending on racing declined 7% between 2007–2012 in real terms to \$286 million in the last fiscal year. Gambling losses at casinos have fallen 5% in inflation-adjusted terms over the same five year period.

### **Gaming machine numbers continue to fall**

The big loser in the gambling stakes are Class 4 gaming machines which are operated at 1380 pubs and clubs around New Zealand. Total spending on these machines has fallen 21% in inflation-adjusted terms over the past five years to \$856 million. This rate of decline has tapered off recently with a 1% drop in total spend between 2010/11 and 2011/12.

The direct reasons for this decline in gambling losses on Class 4 gaming machines are the gradual decline in machine numbers and the gradual decline, in inflation-adjusted terms, in the average spend on each machine. This average spend has remained around \$12,000 per machine per year (in nominal terms) for the last five years. The number of machines has declined steadily from a peak of just over 23,000 in 2002 to 17,760 at the end of 2012.

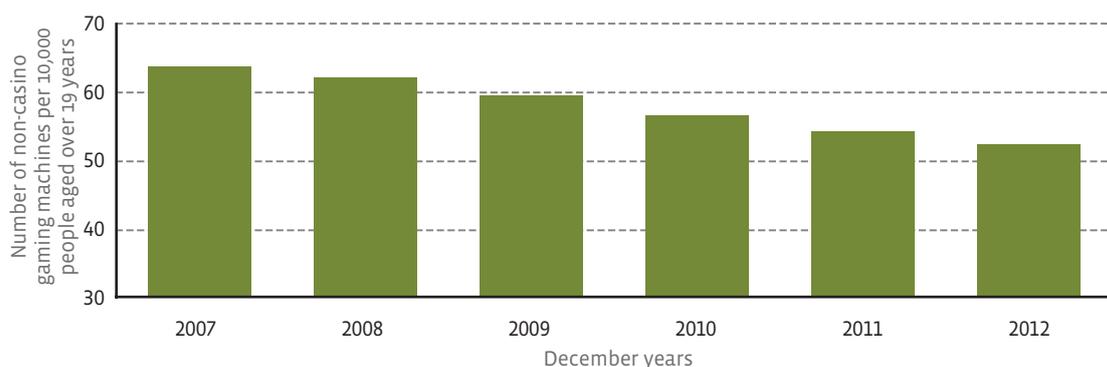
A fairer indication of this change is the even more rapid decline in the per capita availability of these machines. In 2007, there were 64 machines for every 10,000 New Zealand adults, but by 2011 this ratio had fallen to 56 per 10,000 and to 54 machines per 10,000 adults in 2012. This trend is shown in Figure 20.

The decline in machine numbers is partly related to local councils' policies on the location of Class 4 venues. Councils have the power to place a 'sinking lid' on machine numbers in their areas and this policy has seen financially marginal venues close, and the total machine numbers in those cities and districts decline.

### Recent research points to harm caused by gaming machines

A recently released Ministry of Health study into New Zealanders' gambling behaviours indicates that just over half of New Zealanders (52%) participate in gambling and that the most popular form of gambling was state run lotteries such as Lotto. The study found that around 2.5% of those who gambled were assessed to be problem gamblers or moderate risk gamblers. In addition, the study found that one in forty New Zealanders or about 89,000 people were harmed by someone else's gambling. Of the various forms of gambling, gaming machines appeared the most harmful and Lotto the least harmful. An estimated 25% of those gambling on gaming machines were considered by the report's authors to be at risk of having gambling problems.<sup>54</sup>

Figure 20: Prevalence of non-casino gaming machines 2007–2012<sup>55</sup>



## ASSESSMENT: SOCIAL HAZARDS

ALCOHOL	RESULT
The big disappointment is the absence of any up to date research on New Zealanders' drinking behaviours. This paucity of information may make it difficult for communities to utilise the new liquor licence review tools which are now available in the amended liquor laws. Falling average per capita consumption and static liquor-related crime figures indicate that patterns are probably not getting worse at present, although they are not improving either.	<b>C</b>
DRUG RELATED CRIME	
Present efforts by the Police to address more serious drug-related crime seem appropriate and reasonable. The recent arrestees' survey offers an invaluable opportunity to gain a better understanding of drug markets and drug use.	<b>C+</b>
GAMBLING	
The recent increase in per capita spending on gambling is not of serious concern given the earlier declines in such spending. Welcome news is the continuing decline both in the availability of and spending on gaming machines as this form of gambling appears the most harmful.	<b>C</b>

**KEY**    **A:** Excellent progress    **B:** Encouraging progress    **C:** Limited or modest progress  
**D:** No progress or going backwards    **F:** Failing



Protesters from Glen Innes, Maraenui and Pomare marching along Lambton Quay, Wellington, on their way to Parliament to present their petition against the Government's social housing policies.

New Zealand Herald, 7 November 2012. Photography: Mark Mitchell / New Zealand Herald

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## HOUSING

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New Zealand's housing story is increasingly one of the 'haves' and the 'have nots' or, more particularly, the interests of older home owners and property investors and those of younger tenants and aspiring home owners. Media commentary on recent house price increases is only just beginning to acknowledge the difficulty many younger and poorer households are facing in the housing market. Aside from distracting exercises such as the Productivity Commission's housing affordability report, Government's response to these difficulties has been token at best. There are signs that the house price boom of 2002 to 2007 may be returning, yet the Reserve Bank continues to avoid more active engagement especially around tightening up lending rules.

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### HOUSING AVAILABILITY

#### **New house deficit in Auckland narrows**

Consents for new dwellings in Auckland rose by 21% during 2012. This increase and slowing population growth has meant that the deficit in new house building has closed to just under 1,900 homes for the year to September 2012.

Consents were issued for 4,582 new dwellings in Auckland during the year to 31 December 2012, 21% more than during the previous 12 months when 3,774 consents were issued. This 2012 figure is 25% lower than in 2007, immediately prior to the recession when 6,110 new dwelling consents were granted.

Across all of New Zealand 16,929 new dwelling consents were issued during the year to 31 December 2012—a 24% increase on the previous 12 months. Over the five years to December 2012, consents were issued for 79,065 new dwellings in New Zealand of which 25% or 19,720 were in Auckland.<sup>56</sup>

#### **Two thirds of population growth is in Auckland**

Statistics New Zealand estimates that New Zealand's population grew by 27,600 people during the 12 months to 30 September 2012 and that 68% of this growth occurred in Auckland where the resident population grew by an estimated 18,900 people.

Over the five years to 30 September 2012, New Zealand's population was estimated to have grown by 201,000 people, of whom 55% or 111,000 people are living in Auckland. A summary of these trends is provided in [Table 14](#).

The mismatch between population growth and new house construction is placing increasing pressure on Auckland's housing stock. For example, over the five years to September 2012, Auckland's rate of house building was one dwelling

for every 5.6 people while the ratio of house building for the whole of New Zealand was one new house built for every 2.5 people. At the time of the 2006 Census there was an average of three people in every dwelling in Auckland; it was slightly lower elsewhere in New Zealand.

Estimating the extent of any housing shortage is difficult because such estimates rely partly on agreement around what are acceptable housing standards, including acceptable occupancy levels. A benchmark used in this analysis as the basis for a discussion around Auckland's housing shortage is the 2006 occupancy rate of three people per dwelling. The main assumption underlying this is that levels of new house building relative to population growth which are above this rate (of one house for every three people) are raising average occupancy levels, and potentially causing housing conditions to deteriorate for some households.

Based on this assumption, Auckland's housing deficit for the year to September 2012 was just less than 1,900 dwellings and the cumulative deficit over the past five years is estimated at over 16,600 dwellings.

Few other cities or districts in New Zealand appear to be under any significant housing pressure due in part to very low rates of population growth—especially over the past two years. Statistics New Zealand's population estimates suggest that 14 of the 67 cities and districts in the country have lost population over the past five years, and that over 80% of New Zealand's population growth over this period has occurred between Auckland, Hamilton and Tauranga.<sup>57</sup> Some housing pressure may be emerging in Hamilton and Palmerston North but there appears to be little pressure overall in Wellington region or in the rural districts surrounding Christchurch City.<sup>58</sup>

## HOUSING AFFORDABILITY

### Rent affordability remains stable

The housing affordability is a mixed picture, with rents maintaining their long-term relationship to incomes and with Auckland house prices climbing to new records against only modest increases in incomes.

Rents typically follow wages and salaries as they have to be paid out of current income and not from borrowings as with house purchases. This has continued to be the pattern overall for New Zealand. [Figure 21](#) plots the number of hours a low paid worker would need to work in order to pay the median rent on a two bedroom house. This ratio has varied little over the past five years, averaging 17.5 hours and for the September 2012 quarter is estimated at 17.7 hours.

Median rents nationally have increased by around 5% over the 12 months to

September 2012 and by about 12% over the past five years. These increases are against a background of nominal wage increases of around 3% over the last year and 18% over the past five years and of consumer price inflation (the CPI) of just under 1% over the last year and 13% over the past five years.<sup>60</sup>

As expected, rents in Auckland are significantly higher than the national averages and medians and this is reflected also in [Figure 21](#) for the wages to rent ratio for Auckland. While this ratio appears to be more volatile than for New Zealand wide, the trend of a consistent relationship between rents and wages is evident with this data as well.

**Table 14: Population change and new house building 2008–2012** <sup>59</sup>

Year ending September	2008	2009	2010	2011	2012
<b>NATURAL INCREASE</b>					
Auckland	15,704	15,384	15,721	15,448	14,827
Rest of New Zealand	19,708	19,094	19,218	17,106	15,679
All of New Zealand	35,412	34,478	34,939	32,554	30,506
<b>NET MIGRATION</b>					
Auckland	5,897	9,796	8,262	5,968	4,051
Rest of New Zealand	-1494	7,247	5,652	-5,195	-6,932
All of New Zealand	4403	17,043	13,914	773	-2,881
<b>OVERALL POPULATION GROWTH</b>					
Auckland	21,601	25,180	23,983	21,416	18,878
Rest of New Zealand	18,214	26,341	24,870	11,911	8,747
All of New Zealand	39,815	51,521	48,853	33,327	27,625
<b>CONSENTS FOR NEW DWELLINGS</b>					
Auckland	4,982	3,303	3,707	3,477	4,411
Rest of New Zealand	15,975	10,313	12,585	10,685	11,589
All of New Zealand	20,957	13,616	16,292	14,162	16,000
<b>ADDITIONAL POPULATION FOR EACH NEW DWELLING</b>					
Auckland	4.3	7.6	6.5	6.2	4.3
Rest of New Zealand	1.1	2.6	2.0	1.1	0.8
Auckland's share of New Zealand's population growth	54%	49%	49%	64%	68%
Auckland's share of New Zealand's new dwelling consents	24%	24%	23%	25%	28%

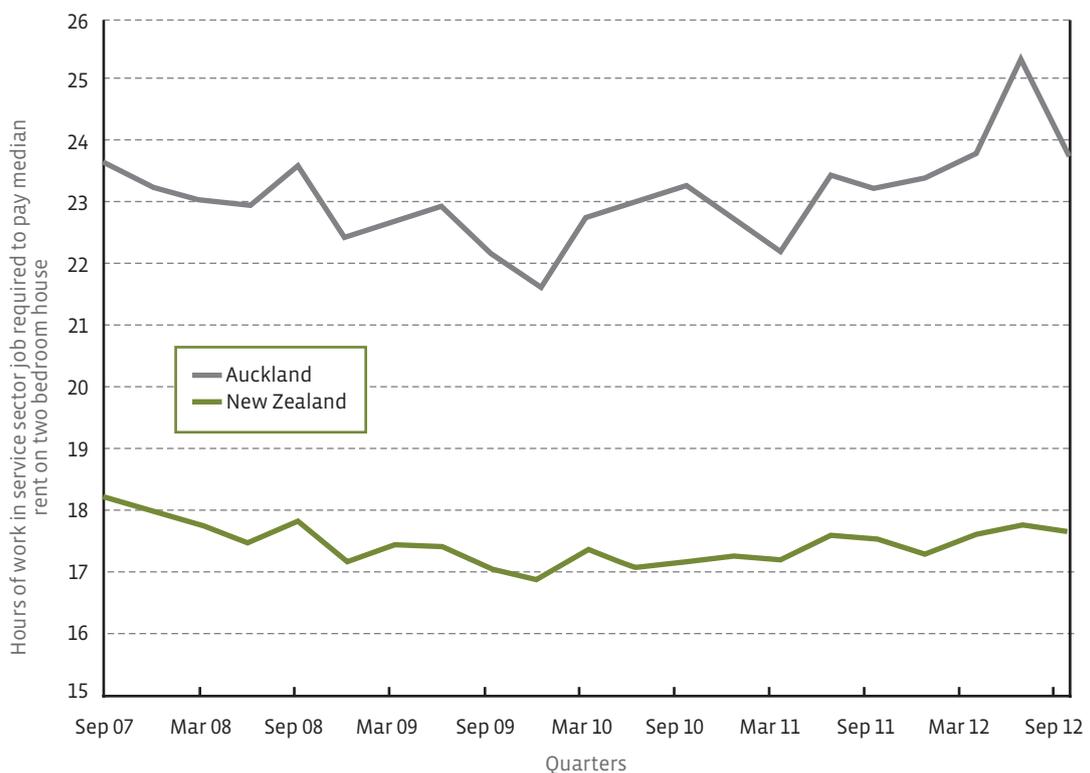
More broadly for Auckland, while there is some emerging evidence that rents in some Auckland popular suburbs have begun to rise sharply, overall rent increases over the past year (to September 2012) have averaged 2.5% to 3.0%.<sup>61</sup>

In its Financial Stability Report, the Reserve Bank publishes data on housing market fundamentals including a ratio of the lower quartile house price to median rent.<sup>62</sup> As with other housing market indicators this ratio shows a peak of nearly 20:1 in late 2007 and a modest but sustained drop since 2009 to approximately 17:1 to 18:1. Because this indicator has not changed over the past year it suggests that nothing in the underlying value of rents and house prices has altered much recently. The data ends in mid-2012 however, so there may be scope for some change with recent house price increases in Auckland, Wellington and Christchurch.

### Auckland house prices hit new records

Real Estate Institute of New Zealand house sales data indicate that the median sale price of Auckland houses exceeded \$500,000 for the first time in July 2012. By

**Figure 21: Rent affordability 2007–2012**<sup>67</sup>  
Hours of work required to rent a two bedroom house



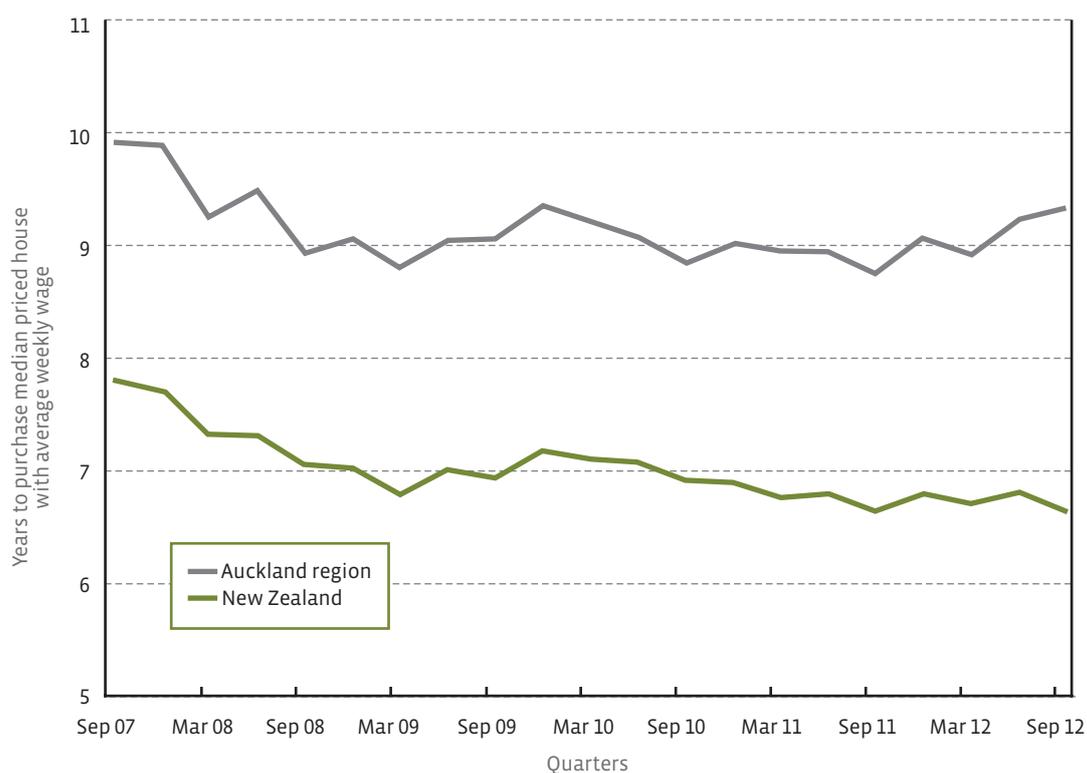
November 2012, the median sale price had risen to \$530,000. Over the 12 months to the end of September 2012, the median sale price of an Auckland house rose nearly 10% or by \$44,800. The increase over five years was nearly 14% which illustrates how stable the Auckland housing market has been until recently.<sup>63</sup>

Overall, New Zealand’s housing markets saw far more modest increases with the national median sale price rising 5% over the year to 30 September 2012 from \$350,000 to \$368,000. In September 2007, the median price was also \$350,000 suggesting that house prices have moved very little over the four years between September 2007 and September 2011.

Outside of Auckland, house prices have changed very little and in most regions they have actually declined in nominal terms over the past five years. The exceptions to this decline are Manawatu, Wellington, Southland and Canterbury. The Canterbury median house price rose 5.4% over the year to 30 September 2012 and more than 8% over the respective five year period.

The impact that these price changes have had on housing affordability is illustrated in Figure 22. Housing has gradually become more affordable since the

**Figure 22: House purchase affordability 2007–2012**<sup>68</sup>



peak of unaffordability in late 2007, although Auckland's price burst during the middle of 2012 has lost some of these gains. In September 2007, it took 9.9 years of the average weekly wage (before tax) to purchase the median priced Auckland house, and 7.7 years to purchase the median priced New Zealand house. By September 2011, this affordability had improved to around 8.8 years in Auckland and 6.7 years across all of New Zealand as house prices fell slightly and incomes rose gradually.

In September 2012, affordability of the median priced New Zealand house had fallen slightly too around 6.6 years, as wages and salaries rose at a slightly faster rate than house prices. However, for Auckland, housing has become slightly less affordable with near double-digit house price increases more than offsetting income increases. In Auckland the median house price was over 9.3 years of the average weekly wage/salary in late 2012.

### **Other affordability indicators show a mixed picture**

Statistics New Zealand's Household Economic Survey now offers an extensive picture of changing housing affordability for both owner-occupiers and tenants. A summary of this picture is provided in [Table 15](#) and involves the aggregation of the recent experiences of both owner-occupiers and tenants.

The Household Economic Survey data provided in [Table 15](#) offers a picture of improving affordability in New Zealand's most expensive housing markets of Auckland and Wellington but a slight deterioration of affordability in smaller cities and provincial areas. The sudden improvement in Christchurch's housing affordability is difficult to explain.

Housing affordability trends have been different for owner-occupiers and tenants. The present historically low mortgage interest rates of course benefit owner-occupiers with mortgages, but these rates have little or no effect on rents—which as we have already noted, tend to move with incomes.

A commonly used indicator of housing stress is the proportion of households which need to devote more than 30% of their income to meet their housing costs. The Household Economic Survey estimates that in 2012, 21% of households or about 348,000 households spent more than 30% of their income on housing. This was a slight decline from the 2011 results when 357,000 or 22% of household lived above this threshold.

Tenant households are disproportionately represented in the set of households living in housing related financial stress—62% of all households paying more than 30% of their income were tenant households, yet tenant households represent only around 35% of the housing market. Over the five years to

2012, the number and proportion of households living in housing stress have remained stable although the proportion of these households which are tenants rose from 55% in 2007 to 62% in 2012.

This rising number of tenant households experiencing financial stress is perhaps to be expected when we consider the failure of successive governments to index maximum Accommodation Supplement payments to reflect rent inflation. These maximums have not increased since 2007<sup>64</sup> yet rents have increased by at least 10% since then.<sup>65</sup> The consequence of this policy is that more tenant households which receive the Accommodation Supplement are stuck at the maximum payment, regardless of what has happened to their rents.

Detailed Accommodation Supplement data provided by Ministry of Social Development shows that in June 2007 33% of tenant households receiving the supplement, or 45,500 households, were receiving the maximum payment available. By June 2012, this proportion had risen to 48% and to 85,300 households. The biggest rate of increases occurred in Northland which saw this percentage rise from 43% in 2007 to 64% in 2012. Other regions where more than 60% of tenant households are receiving the maximum payment available are Waikato and East Coast.

## HOUSING RELATED DEBT

### Housing debt rises slightly

The pattern since 2008 of households gradually reducing debt appears to have faltered recently as average household debt increased in real terms during the year to 30 September 2012. The trend in average housing related and other debt for the last five years is illustrated in [Figure 23](#).

**Table 15: Proportion of household income spent on housing 2007–2012** <sup>66</sup>

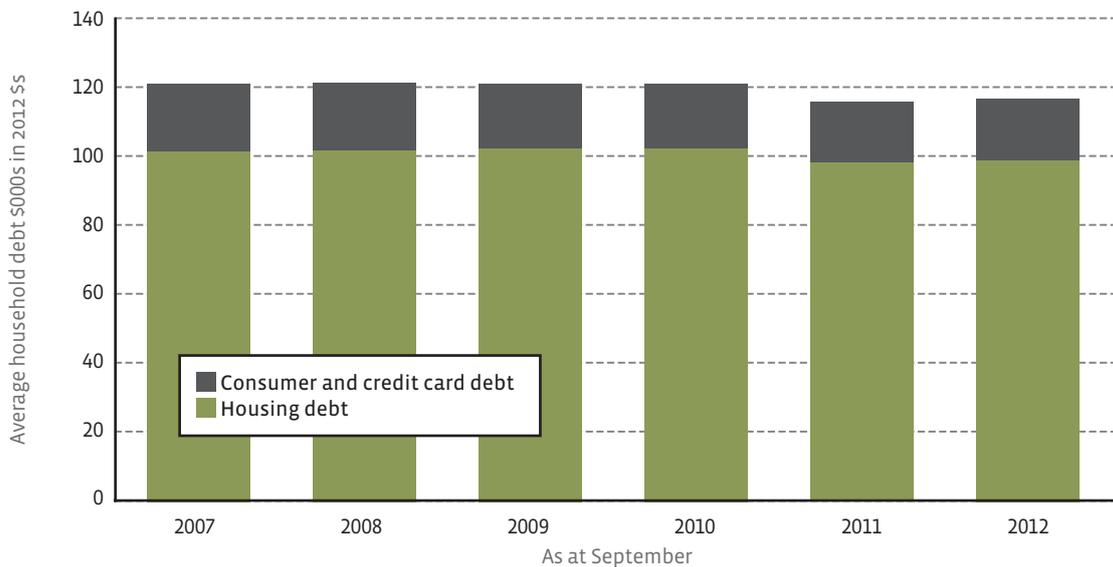
June years	2007	2008	2009	2010	2011	2012
Auckland	16.8%	17.6%	16.5%	19.1%	19.4%	17.8%
Wellington	14.4%	16.3%	15.7%	14.7%	14.7%	15.8%
Rest of North Island	15.4%	14.2%	15.4%	13.7%	15.0%	16.0%
Christchurch	15.0%	17.2%	14.3%	13.5%	15.0%	12.7%
Rest of South Island	12.5%	13.7%	13.1%	12.6%	13.6%	14.1%
All New Zealand	15.4%	16.0%	15.5%	15.5%	16.4%	16.0%

During the 12 months to September 2012, average household debt rose 0.6% or by \$700 in real terms to \$116,500. Of this average debt, \$98,600 was in housing related mortgages while nearly \$17,900 was in consumer and credit card debt. Average consumer and credit card debt rose 1.1% in real terms over this period while housing related debt rose a more modest 0.5%.

New Zealand households' debt peaked in 2008 when average household debt was \$121,300 in inflation-adjusted terms, of which \$19,600 was in consumer and credit card debt.

In overall terms, in September 2012 New Zealanders owed banks \$175 billion in housing related debt. This was 18% more (nominally) than the \$149 billion owed in late 2007. In inflation-adjusted terms this increase is just 1%. In late 2012, housing related debt represented 84% of GDP—a similar share of GDP as in 2011 and 2007, but significantly less than the peak of September 2009 when housing debt was 88.4% of GDP.<sup>69</sup>

**Figure 23: Average household debt 2007–2012**<sup>70</sup>



## ASSESSMENT: HOUSING

HOUSING AVAILABILITY	RESULT
Auckland's housing shortage continues to worsen and Government's and Auckland Council's leadership is not driving an adequate response. The only somewhat useful trend in terms of housing availability is that population growth has slowed as people leave for Australia. It is doubtful that this is the solution New Zealanders are hoping for.	<b>D</b>
HOUSING AFFORDABILITY	
It looks like we are back to boom times in terms of double digit house price increases. Low interest rates have cushioned the impact of these increases on first time home buyers and have offered respite to heavily indebted home owners. Rents continue to track wages and salaries, which if you have a job is fine but is not so good for those out of work. The fundamentals for further rental housing investment have not improved.	<b>C-</b>
HOUSING RELATED DEBT	
Household and housing related debt grew very modestly over the past year and New Zealand's total housing debt declined as a proportion of GDP. This level of indebtedness is still very high by historical standards so there is no room for complacency.	<b>C+</b>

**KEY**    **A:** Excellent progress    **B:** Encouraging progress    **C:** Limited or modest progress  
**D:** No progress or going backwards    **F:** Failing

## ENDNOTES

- 1 See Dow Jones Industrial Index for 1929–30
- 2 See Perry, B. (2012) Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2011; Ministry of Social Development Wellington. Perry's analysis is based on data derived from Statistics New Zealand's Household Economic Survey which reports the distribution of household income amongst other things
- 3 See Perry (2012) Table H.3 p.127
- 4 See Ministry of Social Development (2012) The Statistical Report for the year ending June 2011 Table DB1 p.34.
- 5 Figures from Perry (2012) Table F.7 p.109
- 6 Estimates are based on reported numbers of children living in benefit dependent households taken from MSD's The Statistical Report and updated with the use of MSD Benefit Factsheets. Estimates of children in 'workless households' are based on the reported percentage of DPB beneficiaries reporting earnings from the Benefit Factsheets
- 7 Data from Child Youth and Family as reported in The New Zealand Herald 25th September 2012
- 8 Data from Statistics New Zealand's crime data tables and is from June years
- 9 Ibid
- 10 Ibid
- 11 For example, total enrolment of four year olds in 2012 was 63,413 children while the estimated number of four years at this time was 63,500. While these are only estimates, at this time just 13,600 of the estimated 18,800 four year old Māori children were enrolled suggesting that at least 5000 non-Māori children were enrolled at more than one centre. This pattern of multiple enrolments can be traced back at least to 2003. Data for these estimates is from the Education Counts website and from Statistics New Zealand's population and relates to 31st July enrolments and 30th June population estimates.
- 12 Live births grew from 59,193 in 2006 to over 64,000 in 2007 and 2008 but fell to 62,542 in 2009 rising to 63,897 in 2010 and falling to 61,403 in 2011. The number of live births is likely to fall below 60,000 again in 2012
- 13 **Māori live birth data 2005–2011**

2005	2006	2007	2008	2009	2010	2011
16,437	17,342	18,717	18,844	18,027	18,458	17,608

- 14 See New Zealand Government 2012 Budget Estimates of Appropriations—Vote Education
- 15 Enrolment data is from the Education Counts website for the 2007 to 2011 period and directly from the Ministry of Education for the 2012 year. Population data is from Statistics New Zealand's population estimates and relates to estimated populations as at 30th June
- 16 Data for Figure 4 and Tables 5A and 5B is from the New Zealand Qualifications Authority's website at [www.nzqa.govt.nz/studying-in-new-zealand/secondary-school-and-ncea/secondary-school-statistics/](http://www.nzqa.govt.nz/studying-in-new-zealand/secondary-school-and-ncea/secondary-school-statistics/)
- 17 See Australian Bureau of Statistics at [www.abs.gov.au/AUSSTATS/abs@.nsf/mf/3302.0](http://www.abs.gov.au/AUSSTATS/abs@.nsf/mf/3302.0)
- 18 Data from Statistics New Zealand
- 19 See, for example, Fergusson, D. and Woodward, L. (2000) Teenage Pregnancy and Female Educational Underachievement: A Prospective Study of a New Zealand Birth Cohort. *Journal of Marriage and the Family* Vol.62 No1 pp. 147-161; which showed that young woman who became pregnant as teenagers were nearly three times more likely to leave school without a qualification than those young woman who did not become pregnant (p.156). The authors also demonstrate a strong link between teenage pregnancy and the social status of the teenage mother, which suggests that poor young woman are more likely to have children as teenagers and that their children are more likely to be poor and have children early. The link between a mother's age and her child's development is less clear cut. For example, based on data from a US longitudinal study Ruth Lopez-Turley argues that it is the material position of a child's household and not the age of his or her mother which determines their prospects—Lopez-Turley, R. (2003) Are the Children of Young Mothers Disadvantaged Because of their Mother's Age or Family Background? *Child Development* Vol.74 No 2 pp.465-474
- 20 Data from Tables 7A and 7B is from Statistics New Zealand including their population estimates series
- 21 See background papers on progress to date at [www.dpmc.govt.nz/dpmc/publications/mcop](http://www.dpmc.govt.nz/dpmc/publications/mcop)
- 22 All crime data is from Statistics New Zealand crime data sets and related to fiscal years

- 23 See Mayhew, P. and Reilly, J. (2007) The New Zealand Crime and Safety Survey 2006; Key Findings Ministry of Justice p35. The 2009 survey reported also that 32% of crime was reported to Police, see Morrison, B. Smith, M. and Gregg, L. (2010) The New Zealand Crime and Safety Survey 2009: Main Findings Report Ministry of Justice, p.45
- 24 See Morrison, B. Smith, M. and Gregg, L. (2010) Table 3.7 p.35
- 25 Data for Figures 5, 6 and 7 and Tables 8 and 9 from Statistics New Zealand's Crime data series and has been compiled through Table Builder. Population rates are based on Statistics NZ national mean population estimates for the same June years
- 26 See comments made by the Deputy Commissioner of Police Mike Bush on 21/05/12 and published on the Stuff website at [www.stuff.co.nz/national/crime/6959278/Call-for-clarity-on-family-violence-statistics](http://www.stuff.co.nz/national/crime/6959278/Call-for-clarity-on-family-violence-statistics)
- 27 This information came from an Official Information Act request made by Fairfax Media of the New Zealand Police. See Stuff website at [www.stuff.co.nz/national/crime/6959278/Call-for-clarity-on-family-violence-statistics](http://www.stuff.co.nz/national/crime/6959278/Call-for-clarity-on-family-violence-statistics)
- 28 Data for this table is taken both from Department of Corrections Annual Reports and the Ministry of Justice's Justice Sector Survey. There appears to a discrepancy between these sources with the 2011 data. The 2011 data is taken from the Department of Corrections while the 2012 is from Ministry of Justice. The community sentencing rate is based on the average over 18 years population for the respective June years and this data is taken from Statistics New Zealand's quarterly population estimates
- 29 Data for Tables 10 and 11 and for Figures 8, 9 and 10 are taken from Department of Corrections Annual Reports or have been provided directly to The Salvation Army by the Department
- 30 Data for this graph is taken from Department of Corrections Annual Reports and inflation adjusted using Statistics New Zealand's CPI All Groups for the June 2012 year
- 31 GDP data is from Statistics New Zealand's GDP series and is based on production measures of GDP.
- 32 See Statistics New Zealand's national population estimates
- 33 See most recent Statistics New Zealand NEET data at [www.stats.govt.nz/browse\\_for\\_stats/income-and-work/employment\\_and\\_unemployment/NEET-paper.aspx](http://www.stats.govt.nz/browse_for_stats/income-and-work/employment_and_unemployment/NEET-paper.aspx)
- 34 Data for Figure 11 and 12 is from Statistics New Zealand's Household Labour Force Survey
- 35 Officially unemployed and Jobless figures from Statistics New Zealand's Household Labour Force Survey. Unemployment Benefit figures from Ministry of Social Development's Benefit Factsheets.
- 36 Wage data is from Statistics New Zealand's Quarterly Employment Survey. Figures are adjusted to dollar values for December 2012.
- 37 Data on wage levels is taken from Statistics New Zealand's Quarterly Employment Survey
- 38 Information on the number of workers on Minimum Wages is taken from the Regulatory Impact Statements undertaken by the former Department of Labour which is now part of the Ministry of Employment Business and Innovation
- 39 Data source Statistics New Zealand's Quarterly Employment Survey Tables 6, 7 and 8
- 40 Benefit data is from Ministry of Social Development's Benefit Fact Sheets while June figures for benefits and for NZ Superannuation recipients is based on the Ministry's The Statistics Report with 2012 figures for NZ Superannuation being estimates based on reported take-up rates and the age group population estimates of Statistics New Zealand
- 41 Data from Ministry of Social Development's The Statistical Report with 2012 data being estimates based on the Ministry's Benefit Factsheets —for the working age benefits and of Statistics New Zealand's age group population estimates
- 42 Source New Zealand Government's Financial Statements and annual budget appropriations
- 43 Data is sourced for The Salvation Army's SAMIS national database and is based on date retrieved on 27/01/13
- 44 Source Statistics New Zealand Consumer Price Index series
- 45 See Research New Zealand (2011) ALAC Alcohol Monitor—Adults and Youth 2009-10 available at <http://www.alac.org.nz/research-resources/research-publications>
- 46 See New Zealand Police (2010) Framework for reducing alcohol related offending and victimisation, NZ Police, which is available at [www.police.govt.nz/sites/default/files/resources/alcohol-safety-strategy.pdf](http://www.police.govt.nz/sites/default/files/resources/alcohol-safety-strategy.pdf)

- 47 Meiklejohn, J, Connor, J. and Kypri, K. (2012) One in three New Zealand drinkers reports being harmed by their own drinking in the past year; *The New Zealand Medical Journal* Vol.125 No1360 pp.28-36
- 48 Vinther-Larsen, M. Huckle, T. You, R and Casswell, S. (2013) Area level deprivation and drinking patterns among adolescents; *Health and Place* 19 pp.53-58
- 49 Data is from Statistics New Zealand's alcohol availability data series and per capita rates use SNZ's population estimates
- 50 Data from Statistics New Zealand crime data series
- 51 Wilkins, C. et al (2012) *New Zealand Arrestee Drug Use Monitoring—2011 Report*; Massey University
- 52 Data from Statistics New Zealand crime data series
- 53 Data on gambling expenditures is from the Department of Internal Affairs website at [www.dia.govt.nz/diawebsite.nsf/wpg\\_URL/Resource-material-Information-We-Provide-Gaming-Statistics?OpenDocument#two](http://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gaming-Statistics?OpenDocument#two)
- 54 Ministry of Health (2012) *Problem Gambling in New Zealand: Preliminary findings from the New Zealand Health Survey (July 2011 to March 2012)*; Ministry of Health Wellington, Available at [www.health.govt.nz/publication/problem-gambling-new-zealand-preliminary-results-new-zealand-health-survey](http://www.health.govt.nz/publication/problem-gambling-new-zealand-preliminary-results-new-zealand-health-survey)
- 55 Data on gaming machines is from the Department of Internal Affairs website at [www.dia.govt.nz/diawebsite.nsf/wpg\\_URL/Resource-material-Information-We-Provide-Gaming-Statistics?OpenDocument#two](http://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Resource-material-Information-We-Provide-Gaming-Statistics?OpenDocument#two)
- 56 This building consent and population data is from Statistics New Zealand
- 57 This area includes Western Bay of Plenty, Waikato, Hauraki, Thames-Coromandel, Matamata-Piako and Waipa Districts and as well as Auckland Hamilton and Tauranga
- 58 Over the five years to September 2012 the ratio of population growth to new house building was 2.9 people for each new dwelling in Hamilton City, 5.5 in Palmerston North City and 2.9 in Wellington City. In the last two years this ratio for Christchurch has been -5.7 (due to estimated population loss), 2.4 in Hurunui District, 1.3 in Waimakariri District and 2.9 in Selwyn District. No allowance in these Canterbury estimates has been made for the up to 10,000 dwellings which may have been destroyed by the earthquakes although most of this destruction occurred with Christchurch City
- 59 Data is from Statistics New Zealand's building consent data set and from its population estimates series
- 60 The estimates of wage inflation is taken from the 'All Industries' average ordinary time wage rate from the Quarterly Employment Survey.
- 61 These figures are based on Ministry of Employment, Business and Innovation data from the Tenancy Bond Division. The median Auckland rent overall increased 2.6% during the year to 30th September and from approximately \$390 per week to \$400. Over the same period lower quartile rents rose 3.1% from \$330 to \$340 per week
- 62 See Reserve Bank of New Zealand (2012) *Financial Stability Report: November 2012* Figure 3.9 p.15
- 63 This data is based on three monthly median sales data taken from the REINZ website at [www.reinz.co.nz/reinz/public/reinz-statistics/reinz-statistics\\_home.cfm](http://www.reinz.co.nz/reinz/public/reinz-statistics/reinz-statistics_home.cfm)
- 64 See Schedule 18 of various versions of the Social Security Act 1964 which is available at [www.legislation.govt.nz/default.aspx](http://www.legislation.govt.nz/default.aspx)
- 65 Statistics New Zealand Consumer Price Index tables which rentals price index
- 66 Source Statistics New Zealand's Household Economic Survey
- 67 Data for this figure is from the Ministry of Business, Employment and Innovation's Tenancy Bond Division's database and from Statistics New Zealand's Quarterly Employment Survey using the Table Builder facility
- 68 Income measures are based on average weekly earnings reported in Table 7.01 of Statistics New Zealand's Quarterly Employment Survey while median house prices are based on three month averages reported on the Real Estate of New Zealand's website at [www.reinz.co.nz/](http://www.reinz.co.nz/) [www.reinz.co.nz/reinz/public/reinz-statistics/reinz-statistics\\_home.cfm](http://www.reinz.co.nz/reinz/public/reinz-statistics/reinz-statistics_home.cfm)
- 69 These GDP ratio estimates are based on the expenditure measure of GDP and on actual nominal values for the September years.
- 70 These averages are derived from household debt data from Table C.6 of the Reserve Bank's Credit and Finance data series and from Statistics New Zealand's estimates of dwellings and households

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## ABOUT THE AUTHOR

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Alan Johnson is a Senior Policy Analyst at The Salvation Army Social Policy and Parliamentary Unit. Alan has an academic background in town planning and economics and has lectured at the University of Auckland and Unitec in planning, economics and social policy. He has extensive policy and management experience in both the local government and community sectors, with a particular interest in housing, urban economics and community development. Alan served as a Manakau City Councillor for 14 years and as a director of the Counties Manakau District Health Board for three years. He lives in South Auckland and is active in that community on issues of education, sport and housing.







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